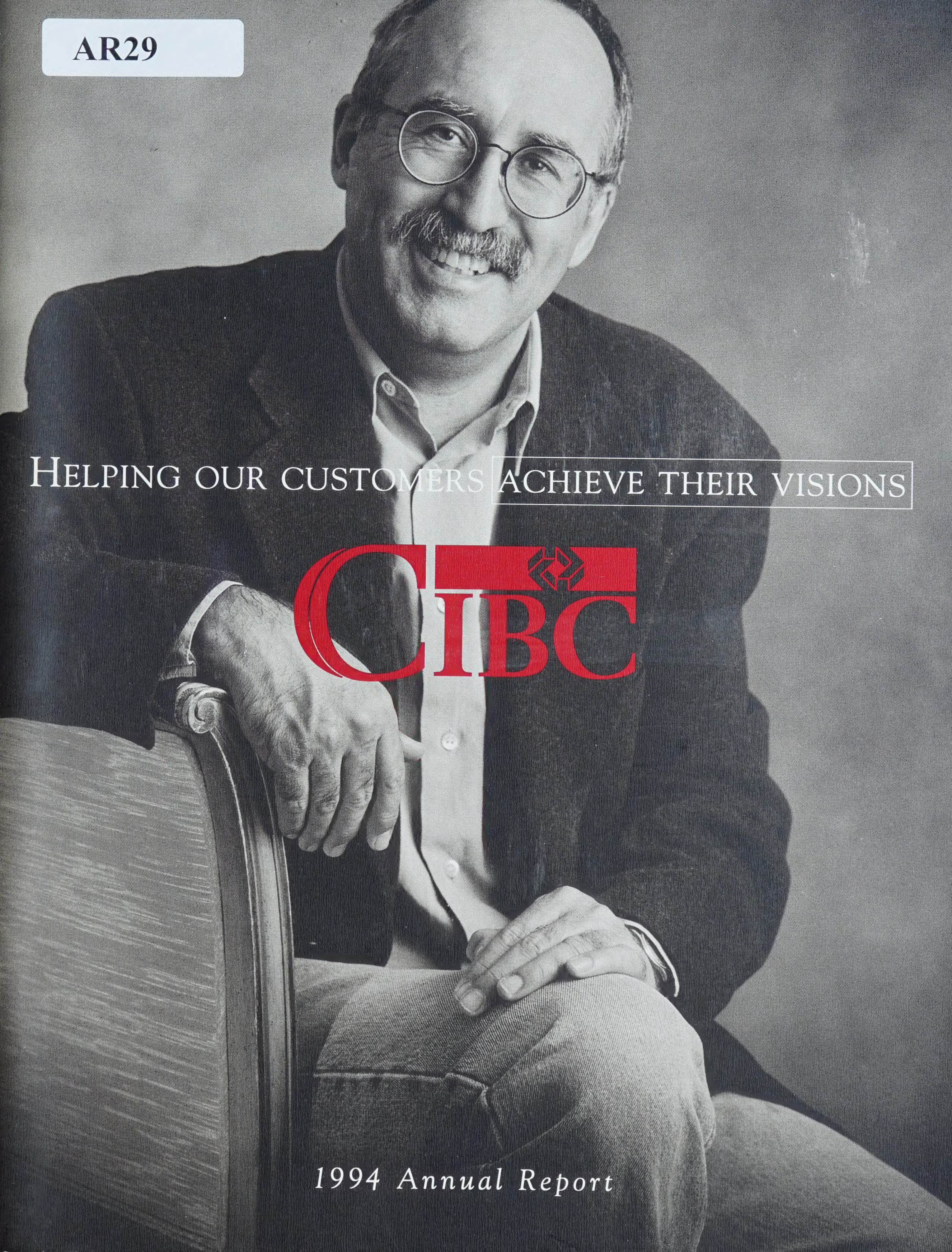


Helping our customers achieve their visions

CIBC

1994 Annual Report

Corporate Profile

We are a broadly based Canadian financial services company operating on a global basis. In terms of assets, we are one of North America's largest financial institutions.

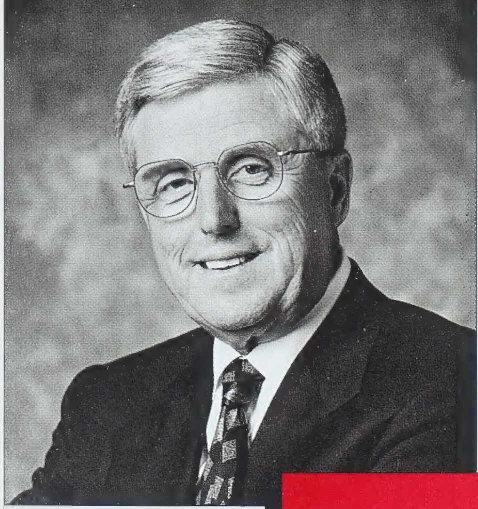
Our Personal and Commercial Bank provides a full range of financial services to six million individuals, farmers and businesses across Canada. It also serves retail customers through one of the largest financial networks in the West Indies and through private banking centres around the world.

CIBC Wood Gundy offers a wide spectrum of credit and capital markets capabilities to several thousand corporate clients and institutional investors worldwide. In addition, it provides a wide range of investment services to individuals.

Employees throughout our group of companies are dedicated to building long-term relationships with all our customers. We help individuals and businesses achieve their visions by anticipating and meeting their changing needs, and delivering integrated solutions.

This is how we ultimately enhance value for our shareholders.

Contents



Chairman's Message

"WE GAINED MOMENTUM IN FISCAL 1994, PRODUCING EXCELLENT RESULTS AND LAYING THE GROUNDWORK FOR CONTINUED SUCCESS IN THE FUTURE"

AL FLOOD, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

I am pleased to report that CIBC became stronger in almost every respect in 1994. We generated higher revenue growth and record earnings, and significantly improved the quality of our balance sheet.

We also developed and refined our business strategies to ensure long-term growth and drive us towards our goal of becoming the pre-eminent Canadian financial services company.

Revenues grew across the organization, reflecting gains in our traditional product lines as well as our efforts to diversify our sources of income.

Net income increased to $890 million, up from $730 million last year. Earnings per share increased to $3.52 from $2.99 last year.

Return on equity climbed to 11.7 per cent compared with 10.6 per cent in fiscal 1993.

At year end, CIBC's balance sheet and capital ratios were the strongest they've been in many years. We strengthened our balance sheet by increasing liquidity and improving the quality of our lending portfolio. The level of net non-performing loans decreased to $1.5 billion from $2.4 billion the previous year.

QUALITY

We strengthened our balance sheet by increasing liquidity and improving the quality of our lending portfolio

In the last year, CIBC accelerated its transformation into a broadly-based financial services company.

We strengthened our core franchise and we moved ahead with planned expansions into new businesses and markets.

With the acquisition of The Personal Insurance Company of Canada, we gained critical mass in the group insurance market. And the merger of our CIBC Investment Management Corporation subsidiary with T.A.L. Investment

Counsel Ltd. provides CIBC with a majority stake in what is now one of Canada's largest institutional investment managers.

Over the year, we also expanded our trust operations to 26 offices across Canada, consolidated our leading position in the Canadian credit card market, added to our volume of residential mortgages and consumer loans, and increased our lending to small and medium-sized businesses.

We reorganized our retail operations in the West Indies during the year to uniquely position CIBC as a strong, cohesive regional organization poised to participate in the rapidly changing Caribbean economy.

We are an industry leader in financial markets related to the Canadian dollar, and we have begun to build the capability to be a major player in multi-currency trading and sales. We are among the top 10 underwriters of syndicated loans in North America and the third largest provider of asset-backed commercial paper programs in the U.S.

And through our own business activities together with CEF Capital, our Hong Kong based joint venture with Cheung Kong (Holdings) Limited, we are expanding our presence in Asia.

Looking to the future, we have put strategies in place to meet changing customer needs and ensure our long-term growth.

In Personal and Commercial Bank, we are working to better align our services and delivery systems with customer preferences. We want to ensure that we can meet our customers' basic banking needs in efficient and accessible ways. At the same time, we will enhance how we deliver value-added service to customers with more complex financial requirements.

CIBC Wood Gundy has begun to implement a global strategy to further integrate our investment and corporate banking capabilities.

We are adding to our credit and capital markets products. In addition to traditional forms of credit, we will focus on integrated financing and on providing investment and risk management solutions in a range of currencies.

Initially, we are focusing on more aggressive expansion of our investment banking capability in the United States and, strategically, in Asia and Europe. In the U.S. we will further develop our structuring and distribution skills and then bring these new capabilities to the Canadian market.

During the year, CIBC reorganized its head office and other support functions to better serve the needs of our lines of business. The new, smaller Corporate Centre will provide corporate governance, strategic planning and policy direction

Key Financial Highlights

$ millions	1994	1993
Net income	$ 890	$ 730
Earnings per share (dollars)	$ 3.52	$ 2.99
Net non-performing loans	$1,543	$2,476
Regulatory total capital ratio	9.9%	9.7%

for all of CIBC. It will also stimulate linkages across different lines of business, encourage the sharing of knowledge and expertise, and leverage our combined purchasing power with suppliers.

We have strengthened our ability to manage risk by hiring industry-leading risk management experts. This expertise, when combined with enhanced processes and advanced systems, will enable us to manage the risk associated with the new products that will meet the needs of our customers.

Growing and increasingly diversified revenue streams, excellent earnings, a strong balance sheet and sound strategies are the ways that CIBC is enhancing shareholder value.

And we are doing it under one highly recognizable banner. In 1994, we replaced the literally dozens of product identities and logo combinations with a powerful new corporate identity.

Our successes in 1994 also confirmed the soundness of our vision: winning customer loyalty through service excellence.

This primary focus on meeting the needs of our customers is driving our strategic initiatives. We are also building a corporate culture that encourages employees to maintain this focus. That culture is based on four key tenets.

The first is leadership, the encouragement that we give our employees to take initiative within their areas of responsibility.

Second, we have been developing a performance-based organization in which employees strive for excellence.

Third, we want CIBC to be a learning organization. Knowledge will increasingly fuel the success of companies and individuals alike. We want to provide opportunities for learning that will enable our people to keep pace with the rapid economic and social changes that affect our business.

Finally, we are working to ensure that CIBC recognizes, promotes and celebrates diversity in the broadest sense of the word. We believe that the diversity of our customers and employees in all our markets is a source of strength, for both CIBC and the markets we serve.

GROWTH

We have put strategies in place to meet changing customer needs and ensure our long-term growth

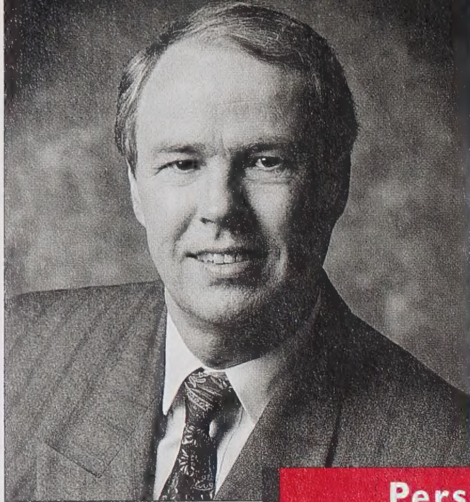
All these tenets are directly related to our underlying corporate values:

- commitment to stewardship
- respect for every individual
- encouragement of initiative and creativity
- excellence in everything we do.

In 1994, employees across the organization put these values and approaches to work and achieved outstanding results. For that, they have my congratulations and sincere thanks.

Together, we are proud of what we achieved in 1994. We head into the future confident we can continue to meet the changing needs and expectations of all our customers.

A.L. (Al) Flood
Chairman and Chief Executive Officer, CIBC



Personal and Commercial Banking

> "WE'RE NOT IN THE BUSINESS OF SELLING FINANCIAL PRODUCTS. WE'RE IN THE BUSINESS OF HELPING OUR CUSTOMERS ACHIEVE THEIR FINANCIAL GOALS"
>
> HOLGER KLUGE, PRESIDENT, PERSONAL AND COMMERCIAL BANK

In the 1980s, banks tried to be all things to all people and offered customers an undifferentiated and limited range of products and services. Those with the more innovative and numerous offerings often held the competitive advantage.

Today, increased competition and technological change have made products little more than commodities that are easily copied and quickly obsolete. These developments, along with changes in the demographics, lifestyles and financial needs of our customers, challenge banks and other financial institutions to serve their customers more effectively.

Our Personal and Commercial Bank strives to understand our customers better than any of our competitors and to apply this knowledge in meeting customer needs. We know that what really matters to customers is not the products for sale, but how well a financial institution helps them meet their needs and realize their financial dreams.

UNDERSTANDING

We're enhancing our understanding of the personal and business banking needs and goals of customers

CIBC is the leader among Canadian financial institutions in understanding customer needs. Since 1987, we have been segmenting our customer base – first, according to age, income and net worth and, more recently, by total product usage and service preference. In 1994, we began to examine the purchasing behavior and investment-service preferences of our customers.

In the process, we've come to view our customers not simply as product purchasers, but as people with dreams – individual men and women with unique visions of what they want from life.

For some customers, the vision is a mortgage-free home. For others, it's quality education

FRANK BARLETTA AND MARY VARGA-BARLETTA

*"**B**etween working shifts and caring for a baby at home, it's so much easier and more convenient to do our banking at the Instant Teller machine. We plan to have more children but don't want to worry about money. CIBC helps by giving us the flexibility to pay off our mortgage early."*


WINNIFRED
GIESBRECHT
"My banker is more like a trusted friend, providing me with valuable information and advice on my businesses and investments. That helps keep my focus set on running for office in the next provincial election and on building the health and strength of my aboriginal community."

for their children or financial security for their family. For still others, it's building a successful business or simply having more time for things that are important to them.

To help our customers realize their vision, whatever it is, we have developed a highly focused strategy with two major components. First, we will meet the routine transactional banking needs of all our customers in the most efficient, convenient and cost-effective manner. And secondly, we will deliver solutions and value-added service that match the needs and individual preferences of customers with more complex financial requirements.

When it comes to straightforward banking transactions – such as making a deposit, paying bills or applying for a car loan – most customers simply want fast, accurate service and accessible, uncomplicated products.

So that's what we're giving them. We have strengthened our automated banking machine network, which in 1994 processed 188 million transactions – 38 million more than in 1993. As a result of increased sales efforts and enhancements to our telephone banking system, LinkUp, subscribers rose to 300,000 in 1994 – approximately 225,000 more than in 1993.

As well, we were the first Canadian bank to open a mutual funds store, enabling customers to purchase CIBC Securities products as conveniently as buying an airline ticket.

CONVENIENCE

We're redefining convenience for our customers by expanding the ways they can access our services

In addition, we are giving customers more simplified, flexible and affordable product offerings. Our new account opening process is just one example. Instead of providing a range of bank accounts and pre-packaged options, our new Menu Account lets customers choose only the options they want and then tailor them to their own particular requirements, preferences and budgets.

At the same time, we're delivering greater value to personal and commercial customers with more complex financial needs. These individuals, who are intent on accumulating or preserving their wealth, or growing their businesses, want more than just convenience and efficiency from a bank. They want timely information and professional advice. They want integrated solutions to a wide range of their financial needs. And they want their relationship with us defined on their terms, not ours.

So we're giving these customers more than enhanced banking efficiency. Our 6,000 account and relationship managers use their capabilities and understanding of customers to align service and delivery more accurately to their preferences and visions.

To meet the full range of our customers' financial requirements, our relationship managers draw upon the experience and expertise found across the branch network and in our other key business lines: trust, insurance, investment management, mutual funds, credit cards, payroll and leasing services. In fiscal 1994, we made great strides expanding into these businesses.

We merged CIBC's invest-

ment management subsidiary with T.A.L. Investment Counsel Ltd., thereby combining T.A.L.'s acknowledged expertise in pension fund and investment management with CIBC's own investment management and distribution strength. The merged company manages funds in excess of $20 billion.

A new investment specialist salesforce was created to support relationship managers by providing a high level of investment expertise and advice.

CIBC Trust, which offers customized investment management and estate planning services to help individuals achieve financial security for themselves and their families, expanded across Canada in 1994.

CIBC Insurance purchased Canada's largest employer sponsored group home and auto insurance firm, The Personal Insurance Company of Canada. During the year, we launched a number of new products, such as travel-medical insurance for seniors, directly to the customer through a variety of non-branch distribution channels: direct mail, telemarketing and face to face.

Initiatives like these also help meet the personal banking needs of our business customers. During 1994, we introduced a number of initiatives to help meet the business banking needs of this growing segment.

Recognizing the importance of account managers to our business customers, we introduced a number of initiatives designed to increase the length of time account managers remain in their positions and to improve their understanding of their clients' needs and the business challenges facing entrepreneurs. This improved understanding has enabled us to better target such financing options as leases, commercial mortgages, franchise financing, trade finance, venture capital and government programs.

CHOICE

Customers with complex financial needs deserve and will receive more product choice and delivery options

We also increased our lending fivefold under the Small Business Loans Act and eliminated the personal guarantee requirement for new loans under the act. And we were the first bank to appoint a small business ombudsman.

To increase small businesses' understanding of the skills needed to run a financially sound enterprise, we launched a series of highly successful and popular customer workshops. We created a special knowledge-based industries group and established business teams in 10 locations across Canada to meet the unique needs of new-economy businesses. And we helped fund university-based projects in Waterloo, Calgary, Regina and Halifax, designed to stimulate entrepreneurial innovation in Canada.

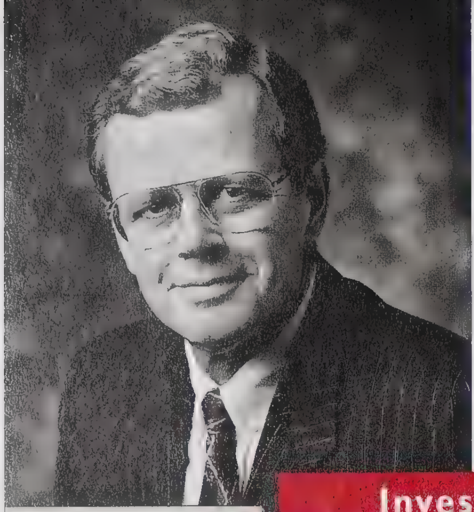
At CIBC, we believe customers should receive the products and services they want, when, where and how they want them. They also have a right to dream and to see these dreams become a reality.

Our vision is to help them do both. In the end, it's not the technology or products that differentiate banks; it is the people. At CIBC, we have the best people in the industry to help our customers realize their visions.

RON LIPSCOMBE

PRESIDENT, LABOTIX AUTOMATION INC.

"Our leading-edge robotics technology for handling blood specimens provides laboratories with a faster, safer and more accurate means of diagnostic testing, and at lower cost. We expect rapid growth in our business over the next five years, making our strong relationship with CIBC increasingly important."



Investment and Corporate Banking

"OUR CLIENTS COME FIRST, ALWAYS, BECAUSE WHEN WE CONTRIBUTE TO A CLIENT'S VISION, WE CONTRIBUTE TO OUR OWN"

JOHN HUNKIN, PRESIDENT, CIBC WOOD GUNDY

As global capital markets create significant new opportunities for borrowers and investors, CIBC Wood Gundy is building a global financing and risk management capability to support our clients' needs.

Over the past decade, clients have entered the global marketplace to take advantage of new markets, cheaper sources of production, and cheaper financing costs through the global capital markets.

Without question, the rapid emergence of global capital markets has provided borrowers and issuers with more cost effective and flexible financing than ever before. A whole new generation of capital and credit products now exists to help propel a company's global vision into a reality, be it expansion, acquisition, financing, new markets or better financial and risk management.

As the first Canadian financial services group to have successfully brought together our skills in investment and corporate banking, we have sharpened our focus on advancing the vision and goals of our clients.

DERIVATIVES

Derivatives are not so much a product as they are a strategic capability for clients and ourselves

CIBC Wood Gundy is the marketing banner under which we provide and distribute credit and capital market services on a global basis. The CIBC Wood Gundy name represents the many legal entities which will continue to operate under the CIBC and Wood Gundy names.

We recognize that the transition to global markets is not without its challenges. Management of new risks is implicit to any global enterprise, be it currency risk, interest rate risk or commodity price risk.

FRANK PICKARD

PRESIDENT AND CHIEF EXECUTIVE OFFICER, FALCONBRIDGE LTD.

"Enhancing our position as a world leader in base metal mining requires that we remain a low-cost producer, expand our existing facilities and develop new ones. To achieve this, we depend on the finance and market expertise of CIBC and Wood Gundy — and have since 1928."

CIBC Wood Gundy is dedicated to providing a full range of financial and risk management expertise to meet the emerging needs of our global clients. These organizations range from early stage, high growth companies to institutional investors and governments to the largest global enterprises.

Within the global context, our role is to provide the best in integrated financing, investment and risk management solutions – solutions that are key to growing and prospering in a global economy.

In the past year, CIBC Wood Gundy has undertaken a detailed review of the needs of more than 2,000 clients and how best to meet them. As a result, our client service activities are sharply focused on bringing value-added expertise to the financial plans, needs and activities of our clients.

Increasingly, our combined expertise in credit, financial products and investment banking is being used by clients to create new competitive advantages.

CREDIT

We are creating value for both shareholders and clients through innovative and cost-effective credit solutions

Today, we are a leader in the Canadian-dollar markets, with emerging skills in multi-currency trading and sales. We also have an enviable reputation in merchant banking, Eurobonds, syndications and securitization.

We are experts in the industries in which we work, such as oil and gas, media and telecommunications. For example, we are a leading provider of financing to the $25 billion cable television industry. With the convergence of information and communication technologies, our industry expertise has given us a significant opportunity to move into other segments of the huge and fast-growing multimedia market.

Moving forward, we will build on these strengths and concentrate on three strategic priorities: financial products to manage our clients' risk management needs; more accessible and cost effective credit; and a global capability.

Businesses and governments recognize that today's risks are changing as rapidly as the industries and economies in which they operate. Managing risk well has become fundamental to the financial security and success of every company – issuers, borrowers or investors.

This is why derivatives are becoming such an important financial tool. More than a financial product, derivatives are a strategic capability. They allow companies to separate, transfer, or transform financial risks that historically were viewed as inherent and inseparable.

We believe our derivatives expertise will be essential for our clients' risk management activities and for our own.

This year, with the hiring of a world-class derivatives team, we stated our commitment to build a global capability in derivatives. Our goal is to support our clients – wherever they are, whatever their need – with customized risk management solutions.

Globalization has opened up new frontiers; derivatives have made these new frontiers less risky.

DAVID STANLEY

CHAIRMAN AND CHIEF EXECUTIVE OFFICER, PAYLESS CASHWAYS INC.

"To be the home-improvement store of choice for our project-focused and professional customers we work hard at understanding what they want and at giving it to them. That's what CIBC did when we needed to reduce our debt and raise capital to expand our network of stores. Everything we've asked for, they've delivered."

In conjunction with our derivatives strategy, we are building a state-of-the-art risk management infrastructure. To achieve this, we have hired some of the world's best risk management specialists. This investment will benefit both our clients and our shareholders.

Also key to our client relationships is our role as credit provider. CIBC will continue to be a major corporate lender, with the goal to increase our clients' access to cost-effective financing and to optimize rates of return for our shareholders. Today, as a leader in loan syndications in North America, we will continue to build on our excellent syndication capabilities.

As one of the top securitization experts in North America, CIBC Wood Gundy has helped establish securitization as a cost-efficient financing solution. Today, the benefits of bundling and selling assets like credit card receivables, auto loans and small residential mortgages are proven. Over the next five years, we will be exploring new and innovative liquid credit product opportunities, first in the United States where the market is more developed, and then in the Canadian and global marketplace.

We intend to be a major participant in Asia's economic growth, both through our own expansion activities and through a closer working relationship with CEF Capital, our Hong Kong based joint venture with the Cheung Kong group. In late 1994, for example, CIBC and CEF completed an agreement to build and finance, through equity participation, a new highway infrastructure in Hubei, China.

GLOBAL

Through our growing global presence, CIBC Wood Gundy's expertise is on hand, wherever our client's location, whatever the need

And to better support the global investing and issuing needs of clients, we are expanding our trading and sales capabilities around the world, including the range of currencies we offer.

CIBC Wood Gundy is also building on other established strengths such as structured trade finance, asset securitization, project finance, private placements and asset-based financing to provide the best financial solutions for clients.

The success of our derivatives, credit and global strategies ultimately rests with our people. To foster the best in talent and client service, a new managing concept was developed. We have built a flatter organizational structure, a partnership approach to managing our people, and key principles that will guide our professional activities and relationships.

At CIBC Wood Gundy, we have focused all our energies on supporting our clients' visions. To our clients, it is this focus that makes us most valued. And this is our competitive advantage.

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Financial information has been re-classified, where necessary, to conform with the presentation used in 1994.

Overview

Summary of Results and Condition

$ millions	1994	1993	1992
Net income	**$ 890**	$ 730	$ 12
Net income (loss) applicable to common shares	**$ 749**	$ 599	$ (108)
Earnings (loss) per common share (dollars)	**$ 3.52**	$ 2.99	$ (0.59)
At year end:			
Total assets	**$151,033**	$141,299	$132,212
Total capital funds	**$ 11,876**	$ 10,957	$ 9,486
Regulatory total capital ratio	**9.9%**	9.7%	8.7%
Book value per common share (dollars)	**$ 31.18**	$ 28.90	$ 27.44
Return on assets	**0.60%**	0.53%	0.01%
Return on common equity	**11.7%**	10.6%	(2.0)%
Non-interest expenses to revenue ratio	**61.2%**	61.5%	64.6%
Net non-performing loans as a percentage of loans and acceptances	**1.4%**	2.3%	3.0%
Credit losses as a percentage of loans and acceptances	**0.8%**	0.9%	1.8%

Overview

CIBC's overall performance improved in 1994 with higher earnings, an increased return on equity and a strengthened balance sheet. Net income for the year ended October 31, 1994, was $890 million, an increase of 22% or $160 million over 1993. Return on equity climbed to 11.7% from 10.6% in 1993.

Net interest income (on a taxable equivalent basis) increased $272 million or 7% to $4,107 million. This is a result of higher asset levels partially offset by lower net interest margins.

Non-interest income continued to be a strong source of revenue generation this year growing $342 million or 18% to $2,208 million – a result of favourable performance in Wood Gundy, insurance, mutual funds and credit services.

Non-interest expenses at $3,863 million increased $356 million or 10% in 1994. Expenses relating to acquisition and expansion of new businesses including expenses associated with implementing strategic initiatives, accounted for more than half of the increased expenses. Excluding these and higher employee bonuses and volume-based incentives, all other expenses were up less than 3%.

As at October 31, 1994, CIBC's assets increased $9.7 billion or 7% to $151.0 billion. The growth was mainly in securities held for trading and personal loans including mortgages. Deposits, the principal source of funding to CIBC, increased to $115.5 billion at year end from $110.9 billion in 1993.

Net non-performing loans, excluding loans to lesser developed countries, continued to decline during the year and were $1.5 billion at October 31, 1994, a decrease of $0.9 billion or 36%. The ratio of net non-performing loans to loans and acceptances also decreased at October 31, 1994, to 1.4% from 2.3% at October 31, 1993. The provision for credit losses in fiscal 1994 was $880 million, improved from last year's $920 million. Both net non-performing loans and credit losses are expected to continue their favourable downward trend in 1995.

During the year, CIBC purchased The Personal Insurance Company of Canada – the country's largest employer-sponsored group home and auto insurance company. This acquisition, along with the successful launch of our insurance subsidiaries, places CIBC as the leading bank in the Canadian insurance industry.

CIBC also merged its investment management operations, CIBC Investment Management Corp., with T.A.L. Investment Counsel Ltd. of Montreal in fiscal 1994. This new company, in which the bank has a 55% interest and which operates as T.A.L. Investment Counsel Ltd., is Canada's second largest institutional investment manager and one of the country's largest mutual funds managers.

In 1994, we continued the reorganization of our Caribbean operations by consolidating them into CIBC West Indies Holdings Ltd. and offering shares of the company to regional investors and Republic Bank Limited, the largest bank in Trinidad and Tobago. CIBC West Indies Holdings Ltd. was established in 1993 with the dual objective of being the leading bank in the Caribbean and contributing to the region's growing economic development.

We have reorganized our corporate and investment banking businesses including Wood Gundy. This reorganization will provide our clients with greater access to the global capital markets through the development of a leading international derivatives business; enhance our proprietary and global trading businesses; and affect the level of corporate loan balances on our balance sheet through increased loan securitizations and syndications.

These activities are consistent with our customer segmentation and relationship banking strategy and move us toward our goal of being the pre-eminent Canadian financial services company.

Economic Environment

Following a three year hiatus, the Canadian economy started to make some pronounced headway in 1994 as consumer spending began to make a more significant contribution to economic growth. Late in 1993, an improving job market and a measure of post-election optimism appear to have encouraged consumers to boost spending. This increase occurred despite a tax-induced cut in disposable incomes. In 1994, despite increased uncertainty in financial markets and higher interest rates, employment steadily gained momentum. In sharp contrast to the previous year, when most new jobs were part-time, over 80% of the new jobs created during 1994 were full-time. This gave individuals a greater sense of security and the confidence to start spending more. The same factors that stimulated spending triggered a return in consumer borrowing. As well, despite higher interest rates, the improved employment situation contributed to a decline in personal bankruptcies. On the business side, stronger corporate earnings plus a need to meet increased foreign competition caused business spending on plant and equipment to rebound strongly in 1994. Spending on new machinery and equipment was particularly strong. Sustained healthy growth in the U.S. also continued to lend support to the Canadian economy.

Outside North America the economic climate also started to brighten and there were increasing signs of strength in Europe as well as signs that the Japanese economy had bottomed and was turning around. While the United Kingdom was still the strongest European economy, there were clear signs that economic recovery had taken hold in Germany, France and Italy. While many fundamental problems, such as high unemployment and large public sector deficits persist in major European economies, the pace of growth will likely accelerate in 1995 compared to 1994. The strong yen, particularly compared with the U.S. dollar, dampened Japanese exports. However, by mid-year there were increasing signs that Japan's economy was beginning to revive. Augmented by a high level of personal savings and increased government spending, the Japanese economy strengthened in the second half of the year and should continue to improve throughout 1995.

Turning to North America, despite higher interest rates and the continuing drag of higher income taxes, the U.S. economy in 1994 showed its strongest performance since 1988. Late in 1993, a surge in pent-up demand for consumer goods and for housing triggered a sharp acceleration in consumer spending and new house construction. Lacking a cushion of inventory and having just completed a prolonged period of downsizing, firms could only meet the surge in demand by hiring new workers. Strong employment growth, as in Canada, was the key contributor to the acceleration in spending and increased business investment. In 1995, the dampening effects of higher interest rates on consumer and business spending should be more pronounced than they were in 1994. As well, the demand for consumer goods and housing will probably be weaker during the year than in 1994. Nevertheless, continued growth in Canada and stronger growth in Japan and in Europe as well as in various developing countries will help sustain the growth of U.S. foreign sales. Also, the depressing effect on disposable incomes of tax increases contained in the 1993 U.S. federal budget will be smaller in 1995 than they were in 1994. This combination of slower domestic demand and the sustained growth of exports in 1995 should result in overall growth of GDP in the order of 3% compared to an estimated growth rate of 3.9% in 1994. Sustained demand from outside and inside the United States will cause a further increase in that economy's operating rate and gradually absorb the remaining slack in labour markets. As a result, inflation in the U.S. will remain a source of concern as the year progresses.

In Canada, although the high and growing public sector debt levels will remain a source of concern in domestic and international financial markets, the growth prospects for the country as a whole in 1995 are quite positive. Recovery in Europe and Japan, plus the sustained growth of the U.S. economy, should assure continued growth of exports. With inflation likely to be in the order of 2% in 1995 and despite some degree of financial market volatility related to a possible referendum on Quebec, consumer and business spending should remain strong throughout the year. Similar to the United States, pent-up demand will likely not provide as much stimulus to spending in 1995 as it did in 1994. Nevertheless, continued job creation plus the prospect of only limited tax increases, relative to previous years, points to strengthening income and spending over the course of the year. Compared to the 4% increase projected for 1994, growth in 1995 should be close to 3.5%. Against this background of overall economic growth, unemployment should head steadily lower ending the year at about 9% compared to an estimated 1994 year-end rate of 10%.

Regulatory Environment

CIBC and its group of companies are subject to an extensive legal and regulatory environment. The principal regulators include the federal and provincial governments in Canada and the governments of the countries where we carry on business or issue securities. In addition, securities regulators and self-regulatory bodies such as stock exchanges in several countries regulate our activity.

CIBC is also subject to the by-laws of the Canada Deposit Insurance Corporation. These by-laws include standards of sound business and financial practices which are intended to ensure that member institutions are managed and controlled in a sound and prudent manner. All insured institutions, including CIBC, must attest to the status of their compliance with these standards as at April 30, 1995.

CIBC has comprehensive policies and procedures in place across its group of companies to promote strict compliance with all applicable laws and regulations by our directors, management and employees. Compliance is monitored independently of operations management by our Internal Audit and Corporate Security Division and our Compliance Department in addition to the surveillance role of management as part of its internal control responsibilities.

Balance Sheet

Condensed Balance Sheet

$ millions, as at October 31:	1994	1993	1992
Assets			
Cash resources	$ 9,436	$ 7,880	$ 6,245
Securities	28,753	24,167	20,055
Loans and acceptances	107,197	104,250	100,972
Other assets	5,647	5,002	4,940
	$151,033	$141,299	$132,212
Liabilities and Shareholders' Equity			
Deposits	$115,462	$110,905	$107,018
Other liabilities	23,617	19,375	15,656
Non-controlling interests in subsidiaries	78	62	52
Debentures	3,441	3,003	2,848
Shareholders' equity	8,435	7,954	6,638
	$151,033	$141,299	$132,212

Balance Sheet

CIBC's total assets at October 31, 1994, were $151.0 billion, an increase of $9.7 billion or 7% from a year ago, the same growth rate achieved in 1993.

The increase in assets during the year was reflected in most categories – cash resources grew by $1.6 billion or 20%, securities rose by $4.6 billion or 19% and loans and acceptances increased by $2.9 billion or 3%. Consistent with our business strategies, the asset growth during the year was in the lower risk areas of each portfolio.

Funding for the expansion of our assets came mainly from the growth in our deposit base which increased by $4.6 billion or 4% to $115.5 billion and from funding sources reported in other liabilities which increased by about $4 billion or 22% during 1994.

Cash resources, the most liquid of our assets, include cash in various currencies, deposits with the Bank of Canada and, the largest category at $8.3 billion, deposits with other banks. These latter deposits are mainly short-term in nature, interest-bearing and in foreign currencies, predominantly U.S. dollars. These deposits are placed with high quality banks around the world. The liquidity risk management aspects of these deposits are discussed on page 34.

The detail of other liabilities can be found in the consolidated balance sheet on page 42 and in note 7 to the consolidated financial statements on page 48. The major component, obligations related to securities sold short or under repurchase agreements, increased by $3 billion or 40% during the year to $10.5 billion.

We expect total assets to show limited growth in 1995, with strong growth in consumer loans partially offset by declining corporate loans and acceptances.

A discussion of securities, loans and acceptances, and deposits may be found in the pages following. Details of other assets, debentures and shareholders' equity may be found in the consolidated balance sheet on page 42 and the notes 5, 8 and 9 to the consolidated financial statements on pages 48 and 49.

Securities

During 1994, CIBC's securities portfolio grew by $4.6 billion to a total of $28.8 billion at October 31, 1994. The securities portfolio is used for either investment or trading purposes. It made up about 19% of our total assets at the 1994 year end and accounted for nearly 47% of total asset growth during the year. A maturity profile of our securities portfolio can be found in note 2 to the consolidated financial statements on page 46.

Securities held for trading purposes are usually held for the short-term, either to meet our liquidity risk management requirements, for resale to clients, or to enable CIBC to benefit from market price movements. The trading portfolio, which included approximately 58% Canadian government securities, mainly treasury bills, and other investment grade money market instruments such as bonds and other debt instruments, is carried at market value. This portfolio increased $3.4 billion during 1994 to $13.0 billion compared with $9.6 billion in 1993 and $6.6 billion in 1992. At year end securities held for trading made up 45% of the total securities portfolio, up from 40% in 1993 and 33% in 1992.

Securities held for investment purposes are used to facilitate CIBC's asset liability management programs and for strategic business reasons. Over 80% of the portfolio was made

up of government securities, such as treasury bills and bonds, with the balance in debt instruments and equities including investments in tax-exempt and loan substitute securities, mutual funds and collateralized debt. This portfolio increased by $1.1 billion during the year to a book value of $15.7 billion at October 31, 1994. Most of the growth was reflected in securities issued or guaranteed by Canadian or U.S. governments. Securities issued or guaranteed by the governments of Canada and the United States were the only securities held in the investment portfolio which exceeded 10% of CIBC's shareholders' equity as at October 31, 1994. Like the trading portfolio, this portfolio is very liquid by virtue of the heavy weighting of the low-risk government securities. Over 67% of the securities have a maturity within one year. At year end the market value of the investment portfolio was approximately $85 million over the book value.

Loans and Acceptances

The loans and acceptances portfolio of $107.2 billion, which is analyzed on page 20, makes up 71% of CIBC's total assets. This portfolio is well diversified to ensure that concentration of credit exposure by customer, country, industry and currency are within standard, acceptable limits. With our continued focus on the North American market, lending in this area now comprises nearly 94% of total loans and acceptances compared with a level of about 90% in each of the previous three years. Over 14% of the $107.2 billion lending in this area is in the United States and the balance is spread across Canada. Outside North America, total loans and acceptances have been reduced by nearly $3.2 billion (down 33%) during 1994, mainly the result of the sale of our U.K. mortgage business and the winding down or closure of some of our foreign operations, mainly in continental Europe and Australia. Out of the total loans and acceptances portfolio, $29.3 billion or 27% is denominated in foreign currencies, mainly the U.S. dollar.

During 1994 our loans and acceptances portfolio increased by $2.9 billion or 3% compared with annual growth rates of 3% and 7% in 1993 and 1992, respectively. The 1994 growth is attributable to the continued expansion in our consumer lending business, especially Canadian residential mortgages.

Our residential mortgage portfolio made up over 30% of total loans and acceptances. In Canada, the revitalized housing market added impetus to mortgage demand and resulted in an increase of over $2.7 billion or 9% in our mortgage portfolio during the year. This business traditionally has low default rates and our strategy is to continue to be one of the leading players in this low-risk expanding market. We have also accomplished our objective of being heavily involved in securitization of mortgages, having sold over $2.6 billion of mortgages in this market in recent years. Outside Canada, we have successfully withdrawn from the mortgage market in the United Kingdom selling the $1.2 billion portfolio.

Other parts of our consumer credit portfolio, namely personal and credit card loans, also improved during the year. After two years of little or no growth, personal loans have rebounded in 1994, increasing $1.4 billion (up 12%). This mirrors the return of consumer confidence in an otherwise lacklustre market and CIBC's increased market share. Credit card loans grew by $0.7 billion (up 25%) continuing the trend of recent years. CIBC continues to aggressively service this market by offering several progressive user-benefit programs such as CIBC Aerogold Visa, CIBC Ford Visa and its Gold counterpart, and CIBC Visa Gold points and rebates. During 1994, CIBC introduced three new partners for the CIBC Ford Visa card: Unitel Communications, Hertz Canada, and Marlin Travel. These new partners allow customers to increase Ford rebates earned, from 5% up to 10%, on Ford partner services when these services are charged to a Ford Visa card. Our consumer lending business is predominantly centred in Canada and we will continue to strongly participate in this growing market.

During the year, CIBC successfully negotiated contracts with the provinces of Alberta, New Brunswick, Newfoundland and Nova Scotia, for the distribution and administration of their provincial student loan programs. Negotiations are currently underway with the federal government and the provinces of Manitoba and Prince Edward Island toward the finalization of similar agreements. Our commitment to the student loan market is part of CIBC's customer relationship strategy.

The business and government lending portfolio is our largest and at $58.2 billion makes up 54% of the total portfolio. During the year, the portfolio declined by $0.7 billion or 1% after experiencing growth rates of 2% in 1993 and 7% in 1992. Changes in foreign currency translation rates added $0.7 billion to the portfolio, while repurchase agreements and overnight loans added $0.5 billion. Our North American portfolio increased $1.4 billion or 3%, despite a reduction of $1.0 billion in real estate loans. The largest increases took place in the trades and services and transportation and communications segments in the United States consistent with our continued focus on the North American market. Outside of North America our portfolio decreased by $2.1 billion, primarily in the United Kingdom and related to a number of discontinued businesses including commercial mortgages and real estate construction financing.

LOANS AND ACCEPTANCES PORTFOLIO

net of allowance for credit losses
$ millions

As at October 31, 1994	Canada	United States	Other countries	Total
Residential mortgages	$31,934	$ 41	$ 250	$ 32,225
Personal loans	12,833	3	357	13,193
Credit card loans	3,614	—	—	3,614
Trades and services	12,009	4,225	2,118	18,352
Manufacturing	3,878	2,615	773	7,266
Real estate	3,640	2,485	1,094	7,219
Agriculture	1,629	32	12	1,673
Natural resources	2,118	827	560	3,505
Transportation and communications	1,260	5,044	741	7,045
Other	5,051	598	447	6,096
Net loans before sectoral allowance and acceptances	77,966	15,870	6,352	100,188
Sectoral allowance				(250)
Acceptances	7,098	16	145	7,259
Total net loans and acceptances	$85,064	$15,886	$ 6,497	$107,197

As at October 31, 1993	Canada	United States	Other countries	Total
Residential mortgages	$ 29,281	$ 36	$ 1,403	$ 30,720
Personal loans	11,323	32	394	11,749
Credit card loans	2,901	—	—	2,901
Trades and services	13,209	2,572	2,900	18,681
Manufacturing	3,807	2,498	1,059	7,364
Real estate	4,379	2,706	1,277	8,362
Agriculture	1,531	9	11	1,551
Natural resources	1,872	1,028	999	3,899
Transportation and communications	1,206	4,497	641	6,344
Other	4,631	466	763	5,860
Net loans before sectoral allowance and acceptances	74,140	13,844	9,447	97,431
Sectoral allowance				(250)
Acceptances	6,646	76	347	7,069
Total net loans and acceptances	$ 80,786	$ 13,920	$ 9,794	$ 104,250

As at October 31, 1992	Canada	United States	Other countries	Total
Residential mortgages	$ 27,268	$ 41	$ 1,618	$ 28,927
Personal loans	11,297	37	566	11,900
Credit card loans	2,418	—	—	2,418
Trades and services	11,449	2,412	3,081	16,942
Manufacturing	3,786	2,016	1,132	6,934
Real estate	4,993	3,446	1,227	9,666
Agriculture	1,479	60	12	1,551
Natural resources	2,414	799	811	4,024
Transportation and communications	1,656	4,222	375	6,253
Other	5,029	335	1,098	6,462
Net loans before sectoral allowance and acceptances	71,789	13,368	9,920	95,077
Sectoral allowance				(150)
Acceptances	5,756	81	208	6,045
Total net loans and acceptances	$ 77,545	$ 13,449	$10,128	$ 100,972

CIBC's net loan and acceptance exposure to the real estate sector was trimmed by $1.5 billion or 16% during 1994 to end the year at $7.6 billion. The continuous reduction in exposure to this troubled sector is consistent with the policy to effectively manage a smaller sized portfolio in light of the business cycle we have been experiencing.

We continue to focus on providing funds and financial support to residential housebuilders and related servicing and contracting businesses. This business is self-liquidating through conversion to low-risk residential mortgages and complements our strategy of aggressively expanding our residential mortgage portfolio.

CIBC's exposure by geographical location of underlying properties and contracting business is shown in the accompanying table. Both the majority of the Canadian exposure at year end and the reduction in the real estate portfolio during 1994 was mainly in southern Ontario, which is Canada's most densely populated area. Our real estate exposure in the United States is predominantly to commercial real estate operators and builders. The line designated 'other' under the U.S. covers 22 states.

Real Estate Loans and Acceptances

	Gross amount			Non-performing loans			Allowance for credit losses		
$ millions, as at October 31:	1994	1993	1992	1994	1993	1992	1994	1993	1992
Canada									
Ontario	$3,598	$ 4,361	$ 4,534	$ 754	$ 965	$ 839	$353	$ 410	$140
British Columbia	455	587	721	2	14	2	1	3	—
Other	588	831	935	40	48	60	16	11	12
Total Canada	4,641	5,779	6,190	796	1,027	901	370	424	152
U.S.									
New York	731	860	792	515	604	453	233	218	170
California	667	727	870	78	88	54	—	26	—
Other	1,353	1,377	1,962	210	191	254	33	14	8
Total U.S.	2,751	2,964	3,624	803	883	761	266	258	178
Sectoral							250	250	150
Total North America	7,392	8,743	9,814	1,599	1,910	1,662	886	932	480
Europe	616	1,020	1,086	147	492	463	77	373	355
Other Countries	555	637	499	4	13	18	1	7	3
Total	$8,563	$10,400	$11,399	$1,750	$2,415	$2,143	$964	$1,312	$838

Small Business Loans

Our lending portfolio includes loans of approximately $8 billion to small businesses, mainly in Canada. Small businesses are usually owner-operated with less than 50 employees and are primarily in the areas of retailing, services, construction and manufacturing. CIBC is committed to enhancing service to this important segment of the market.

Among the several steps taken to support small business customers were: being the first bank to appoint a small business ombudsman to resolve customer issues; conducting workshops for owners on how to improve their financial management skills; improving access to capital by establishing 10 centres across Canada specializing in knowledge-based businesses; and, providing alternative forms of capital. In addition, CIBC is the major corporate sponsor of the Association of Collegiate Entrepreneurs (ACE Canada) which, through a growing network of Canadian university and college chapters, is dedicated to developing and bringing together young entrepreneurs, promoting entrepreneurship as a career option and supporting young business owners in the creation of new businesses.

Deposits

$ millions, as at October 31:				1994	1993	1992
	Payable on demand	Payable after notice	Payable on a fixed date	Total	Total	Total
Individuals	$1,695	$19,637	$37,708	$ 59,040	$ 57,265	$ 54,233
Businesses and governments	7,378	4,480	24,355	36,213	34,357	36,873
Banks	422	71	19,716	20,209	19,283	15,912
	$9,495	$24,188	$81,779	$115,462	$110,905	$107,018
Canadian currency	$7,505	$23,155	$46,480	$ 77,140	$ 74,040	$ 72,341
Foreign currencies	$1,990	$ 1,033	$35,299	$ 38,322	$ 36,865	$ 34,677

Deposits

CIBC offers a wide range of deposit accounts and instruments to individuals, and corporate and government customers in Canada and worldwide. CIBC's deposit base consists of demand, notice and fixed date accounts which include chequing and savings accounts, certificates of deposit, guaranteed investment certificates and annuities. The money placed on deposit with us is mainly used to fund our lending operations and also to facilitate the asset liability management strategies of the bank.

Deposits are the most important source of funds to CIBC and funded over 76% of our assets at October 31, 1994. At year end deposits were $115.5 billion up $4.6 billion or 4% from a year ago. Deposits by individuals grew $1.8 billion or 3%, while deposits by businesses, governments and banks rose $2.8 billion or 5% from last year. Approximately one-half of this increase was attributable to foreign currency deposits, mainly denominated in U.S. dollars, which were affected by the strong foreign exchange rates when translated into Canadian dollars.

A major source of stability in CIBC's funding is the level of deposits by individuals. These deposits tend to be small in size, have stable maturity profiles and are diversified across our many products designed to meet our customers' needs. Although deposits by individuals grew year-over-year, at October 31, 1994, they made up about 51% of total deposits, a small decrease from 52% last year. The low interest rate environment, especially in Canada during 1994, and the continued shift of customer asset allocation towards better yielding investments such as mutual funds, have contributed to the slow growth in deposits by individuals. This trend is also reflected in the mix of deposits by individuals where deposits payable after notice dropped $2.3 billion and fixed date deposits, which are higher yielding, jumped by $4.1 billion during the year.

To address retail customer demands and expectations for deposits, CIBC has introduced the Menu Account and two new fixed-term investments: CIBC Home Buyer's GIC for individuals planning to purchase a home in the near future and CIBC Premium Rate 3 Year Redeemable GIC. The Menu Account, which was introduced in August 1994, provides customers with the ability to select only the account features they require and earn higher interest.

Deposits by businesses, governments and banks were $56.4 billion at the 1994 year end. Deposits by banks increased by over $0.9 billion (up 5%) while businesses and governments increased their funds placed with us by $1.9 billion (up 5%). These deposits augment our traditional consumer deposit base. Besides deposit accounts for regular business operations and investments, CIBC may offer, in the domestic and off-shore markets, wholesale term deposits such as commercial paper and term certificates which are diversified across markets, investors and maturities. Such deposits are carefully managed to ensure availability and to avoid undue concentration.

Assets Under Administration / Management

Assets under administration are assets which the bank administers on behalf of clients for a fee. Fees for administrative services are earned for the safekeeping of securities, the collection of interest and dividends, and the settlement of purchase and sale transactions. Assets under management are assets which the bank manages through discretionary portfolio management for clients in order to earn a fee. As the assets under administration and under management are beneficially owned by clients and not by CIBC, they are not included on our balance sheet.

CIBC had $170.0 billion of assets under administration and $8.1 billion of assets under management at the end of fiscal 1994. The total of assets being administered and/or managed as at October 31, 1994, is greater than the bank's total balance sheet assets.

Our mutual fund business, which is co-managed with our affiliates T.A.L. Investment Counsel Ltd. and C.E.F. Holdings Ltd., had assets under management of $6.9 billion at October 31, 1994 – the fifth largest in the Canadian mutual fund industry. This is an increase from $5.6 billion in 1993 and reflects consumers' shift to mutual funds from traditional deposit instruments. As well, our mortgage-backed securities operations, with assets under administration of $2.6 billion as at October 31, 1994, ranks as the leader in Canada.

The table below provides an analysis of CIBC's assets under administration and assets under management. In addition, assets administered and/or managed by T.A.L. Investment Counsel Ltd. and C.E.F. Holdings Ltd. at the end of October 1994 totalled $24 billion, including the $6.9 billion of mutual funds.

Assets Under Administration/Management

$ billions, as at October 31:	1994
Assets under administration	
Institutions	$109.5
Individuals	51.0
CIBC mutual funds	6.9
Mortgage-backed securities	2.6
	$170.0
Assets under management	
Institutions	$ 0.3
Individuals	0.9
CIBC mutual funds	6.9
	$ 8.1

Income

Net Interest Income and Margin

Net interest income is interest and dividends earned on assets (such as mortgages, personal and business loans, securities and deposits with other banks) less interest paid on deposits and debentures. Net interest income also includes the results of hedging activities and securities-related gains and losses. For meaningful comparison, tax-exempt interest and dividend income are converted to a taxable equivalent basis (see page 63). Net interest margin is net interest income expressed as a percentage of average assets.

In fiscal 1994, CIBC's taxable equivalent net interest income was $4,107 million, up $272 million or 7% from 1993, following a 6% increase in 1993. The 1994 increase reflects higher average loan and security balances partially offset by a decline in net interest margin from 2.79% to 2.75%.

The decrease in the net interest margin reflects both reduced spreads on investment banking business due to less favourable interest rate movements in the year, as well as an increase in the proportion of lower yielding but lower risk liquid securities.

Partially offsetting these negative factors on our net interest margin were increases in investment securities gains (net of writedowns) and in income from our equity accounted investments. Net securities gains rose to $37 million from a loss of $14 million in 1993 while income from our equity accounted investments, which includes C.E.F. Holdings Ltd. and T.A.L. Investment Counsel Ltd., increased, on a taxable equivalent basis, to $43 million in 1994 from $23 million in 1993. Margins on our core banking business grew, reflecting the shift in our loan mix away from corporate lending towards higher margin personal lending. In addition, our Canadian dollar gapping profits rose as a result of funding strategies designed to take advantage of the yield curve. A further discussion of our interest rate gap may be found on page 34.

Interest receipts on non-performing loans declined to $42 million in 1994 from $64 million in 1993, while our average net non-performing loan balance dropped $0.9 billion to $2.0 billion. A table of interest on non-performing loans and average non-performing loan balances may be found on page 31. CIBC's net interest margin has been declining gradually since 1991. This reflects the growth in our security holdings, as well as a shift in customers' preferences for longer term, higher cost deposits and shorter term, lower yielding mortgages. These pressures on our margin will likely continue through the coming year.

Average Balance Sheet, Net Interest Income and Margin

taxable equivalent basis	Average balance			Interest			Average rate		
$ millions	1994	1993	1992	1994	1993	1992	1994	1993	1992
Assets									
Earning assets									
Deposits with other banks	$ 7,776	$ 6,414	$ 6,082	$ 331	$ 299	$ 327	4.26%	4.66%	5.38%
Securities	28,658	22,274	17,059	1,518	1,379	1,306	5.30	6.19	7.66
Loans									
Residential mortgages	30,716	29,119	26,457	2,574	2,691	2,785	8.38	9.24	10.53
Personal and credit card loans	15,511	14,153	14,084	1,495	1,419	1,536	9.64	10.03	10.91
Business and government loans	52,277	52,344	48,963	3,193	3,280	3,764	6.11	6.27	7.69
Total loans	98,504	95,616	89,504	7,262	7,390	8,085	7.37	7.73	9.03
Total earning assets	134,938	124,304	112,645	9,111	9,068	9,718	6.75	7.30	8.63
Customers' liability under acceptances	6,997	5,904	6,859						
Other assets	7,125	7,099	6,911						
	$149,060	$137,307	$126,415	$9,111	$9,068	$9,718	6.11%	6.60%	7.69%
Liabilities and Shareholders' Equity									
Interest-bearing liabilities									
Deposits									
Individuals	$ 57,696	$ 55,866	$ 52,266	$2,291	$2,601	$3,032	3.97%	4.66%	5.80%
Others	59,879	54,578	49,357	2,465	2,407	2,847	4.12	4.41	5.77
Total deposits	117,575	110,444	101,623	4,756	5,008	5,879	4.04	4.53	5.78
Debentures	3,279	2,942	2,765	248	225	227	7.56	7.65	8.21
Total interest-bearing liabilities	120,854	113,386	104,388	5,004	5,233	6,106	4.14	4.62	5.85
Acceptances	6,997	5,904	6,859						
Other liabilities	12,903	10,596	8,258						
Shareholders' equity	8,306	7,421	6,910						
	$149,060	$137,307	$126,415	$5,004	$5,233	$6,106	3.36%	3.81%	4.83%
Net interest income and margin				$4,107	$3,835	$3,612	2.75%	2.79%	2.86%

Changes in Net Interest Income

taxable equivalent basis *$ millions*	1994 compared with 1993			1993 compared with 1992		
	Increase (decrease) due to change in:			Increase (decrease) due to change in:		
	Average balance	Average rate	Total change	Average balance	Average rate	Total change
Total assets	$718	$(675)	$ 43	$720	$(1,370)	$(650)
Total liabilities	(394)	623	229	(415)	1,288	873
	$324	$ (52)	$272	$305	$ (82)	$ 223

Non-Interest Income

$ millions	1994	1993	1992	Increase (decrease) 1994 vs 1993 $	%
Underwriting fees and commissions on securities transactions	$ 467	$ 396	$ 296	$ 71	18%
Deposit services	422	423	428	(1)	—
Credit services	329	274	253	55	20
Foreign exchange and capital markets	278	254	316	24	9
Card services	241	225	198	16	7
Mutual funds management and fiduciary services	156	99	78	57	58
Insurance	106	44	24	62	141
Other	209	151	144	58	38
	$2,208	$1,866	$1,737	$342	18%

Non-Interest Income

Non-interest income includes all revenues not classified as net interest income.

CIBC's non-interest income climbed $342 million or 18% in 1994 to $2,208 million. Income from non-interest sources represented 35% of total revenues, up from 33% in 1993 and 32% in 1992. Non-interest income continued its trend of increasing at a faster rate than net interest income, with growth since 1990 averaging 13% per year on a compounded basis. The increase in 1994 came primarily from our securities, insurance, mutual funds management and credit services businesses. Approximately 80% of our non-interest income is earned in Canada, with the balance being generated by our international operations.

Underwriting fees and commissions on securities transactions recorded the largest single increase in non-interest income in fiscal 1994, rising $71 million or 18% in the year to $467 million. This growth was largely due to Wood Gundy's record-breaking revenues in 1994, particularly in underwriting fees which increased 22% in the year to $166 million. Wood Gundy reported fees and commissions of $457 million this year, up 26% from 1993's record performance.

CIBC's Canadian insurance business became operational in 1994 and, with the acquisition of The Personal Insurance Company of Canada in the second quarter, placed CIBC well ahead in its long-term strategic plan in the group property and casualty insurance market. Non-interest income generated by our insurance operations, which includes net premiums less claims and policy benefits, more than doubled this year, rising $62 million or 141%. The Personal Insurance Company of Canada contributed $26 million.

Mutual funds management and fiduciary service fees recorded excellent growth of $57 million or 58% in 1994. This rise is primarily due to the $53 million increase in mutual funds management fees from $67 million in 1993 to $120 million. Fiduciary services, which includes trust administration, safety deposit box rentals and safekeeping, continued its steady increase rising $4 million or 11% in the year. CIBC Trust, which opened 8 new branches and sales offices this year, was a major contributor to this growth.

Fees for credit services, which are made up of credit related fees and participation and placement fees, rose $55 million or 20% in 1994. Significant growth in 1994 occurred in participation and placement fees as CIBC boosted its involvement in the loan syndication market in both Canada and the United States. Fees from loan syndications are expected to expand in the coming years as we escalate our participation in this business.

Deposit services income includes service charges and Interac fees. Income from service charges decreased 2% in the year as a result of lower deposit volumes as customers continued to show a preference for higher yielding term investments and mutual funds. The increase in Interac fees, however, offset this decrease, rising 14% this year after growth rates of 18% in 1993 and 26% in 1992. Through Interac, CIBC customers across Canada can now pay for their purchases at participating retailers directly from their bank accounts using their CIBC Convenience Card. The growing popularity of electronic banking, LinkUp, point of sale services and debit cards will continue to strengthen income from deposit services.

Foreign exchange and capital markets income includes revenues from all foreign exchange and off balance sheet trading activities, such as swaps, forward rate agreements, options and futures. Foreign exchange revenues, which make up approximately 90% of the income in this category, rose 9% or $21 million in the year.

Revenues from card services remain a strong source of income for CIBC with the continued popularity of CIBC Aerogold Visa, CIBC Ford Visa and its Gold counterpart, and the CIBC Classic and Gold Visa cards. Income increased 7% in 1994, primarily due to a rise in the number of premier cardholders and a volume increase in merchant revenue.

With the ongoing expansion and diversification of CIBC's income sources, non-interest income will continue to be a growing component of our increasing revenue base.

EXPENSES

NON-INTEREST EXPENSES

$ millions	1994	1993	1992	Increase (decrease) 1994 vs 1993 $	%
Employee compensation and benefits					
Salaries	$1,568	$1,479	$1,476	$ 89	6%
Incentive bonuses	258	177	92	81	46
Brokerage commissions	101	93	77	8	9
Benefits	270	224	208	46	21
	2,197	1,973	1,853	224	11
Occupancy costs	395	378	367	17	4
Computer and other equipment	413	394	388	19	5
Communications	337	299	270	38	13
Business and capital taxes	123	114	103	9	8
Deposit insurance	75	57	49	18	32
Other	323	292	307	31	11
Restructuring provision	—	—	120	—	—
	$3,863	$3,507	$3,457	$356	10%

NON-INTEREST EXPENSES

Non-interest expenses include all of CIBC's costs except interest expenses, provision for credit losses and income taxes.

CIBC's non-interest expenses increased by $356 million or 10% in 1994 to $3,863 million. The non-interest expense to revenue ratio improved in 1994 to 61.2% from 61.5% in 1993.

The increase in expenses in 1994 is primarily attributable to costs associated with new and growing businesses including expenses incurred in implementing strategic initiatives ($186 million), and higher employee bonuses and volume-based incentives ($89 million). Excluding these items, expenses are up $81 million or less than 3%.

New and growing businesses consist of our domestic insurance operations including The Personal Insurance Company of Canada, our domestic trust operations, CIBC Trust, our payroll services company, Comcheq Services Ltd., our mutual funds manager and discount broker, CIBC Securities Inc., and our integrated global financial services group.

We focused considerable attention during 1994 on building this global financial services group. Costs associated with this initiative include the services of professional consultants and expenses associated with expanding our derivatives team. In total, these costs were approximately $70 million in the year, the benefit of which will be reaped in future years.

In 1992, we recorded a special one-time provision of $120 million to cover a broadly-based restructuring program which took place throughout 1993 and part of 1994. The program covered head office and operational units in Canada and in our foreign locations. Operations have been closed in France, Germany and Italy, and our Australian operations will close in 1995. We maintain an employment continuity program which encourages and supports the redeployment of personnel who are affected by the resultant job eliminations.

We continue to reorganize our operations where needed, and the salary expense in 1994 includes $50 million of severance costs. Early retirement programs have also affected the pension contributions which, together with a change in actuarial assumptions, increased our pension costs in 1994 by $19 million. Other benefit cost increases have taken place in employee disability and other group plans.

Revenue-driven bonus schemes and engagement bonuses accounted for $44 million of the increase in incentive bonuses in Wood Gundy and in our investment banking operations where revenue generation was strong, particularly in the early part of the year. CIBC also operates a broadly-based annual bonus scheme which is based on the performance of the total bank as well as individual operating units. This bonus rose $37 million in 1994.

A program was introduced during the fourth quarter of 1994 to identify savings opportunities in operating costs other than compensation. A dedicated team has been put in place and substantial potential cost reductions have already been identified. It is expected that these cost reductions will be implemented progressively during fiscal 1995.

Taxes			
$ millions	1994	1993	1992
Income taxes			
Income taxes (recovery)	$ 550	$435	$(55)
Taxable equivalent adjustment[1]	105	90	80
	655	525	25
Indirect taxes			
Deposit insurance premiums	75	57	49
Capital taxes	95	90	74
Business taxes	28	24	32
Property taxes	49	53	50
Payroll taxes (employer portion)	114	110	107
GST and sales taxes	114	93	89
	475	427	401
Total taxes	$1,130	$952	$426
Combined Canadian federal and provincial tax rate	42.6%	43.2%	42.8%
Income tax as a percentage of net income (on a taxable equivalent basis)	41.6%	41.2%	44.0%
Total taxes as a percentage of net income before deduction of total taxes (on a taxable equivalent basis)	56.1%	56.7%	98.2%

[1] Taxable equivalent adjustment is explained on page 63, Annual Perspective note 1. Additional information concerning income taxes is contained in note 11 to the consolidated financial statements on page 52.

Taxes

CIBC's tax figures presented in the above table are a consolidation of the tax expenses of the parent bank and its subsidiaries.

The total tax expense (on a taxable equivalent basis) in CIBC's 1994 operations exceeded $1.1 billion. Of this total amount, $895 million or 79% is related to Canadian operations.

The combined Canadian federal and provincial tax rate increased in both 1992 and 1993 as a result of increases in tax rates in various provinces. In 1994, the combined rate declined by 0.6% as a result of the scheduled phase out of the Ontario corporate surtax. The combined tax rate is also affected by changes in the mix of business between different taxing jurisdictions.

Income taxes payable as a percent of taxable income will vary from the statutory rate because of certain adjustments which are permitted in computing taxable income of the parent bank, differences in the tax and accounting rules applicable to subsidiaries, and the impact of the federal large corporations tax. In 1994 and 1993 the difference between the statutory rate and income taxes as a percentage of net income was largely attributable to lower tax rates applying to the earnings of certain foreign subsidiaries. In 1992 the difference was mostly attributable to losses incurred in other foreign subsidiaries for which tax recoveries were not recorded.

Indirect taxes continued to rise in 1994. Deposit insurance premiums increased by 32% in 1994 driven primarily by higher premium rates. The higher premium rates reflect the deficit in the Canada Deposit Insurance Corporation as a result of trust company failures in the past three years. As shown in the above table, the cost of property taxes has declined in the year as a result of successful appeals of property valuations and because of the elimination of Ontario's Commercial Concentration Levy on January 1, 1994. GST and sales taxes rose dramatically in the year due to greater capital and operational spending and because of the imposition of a sales tax by the Ontario government on CDIC premiums paid by the bank. Increases in the other indirect taxes categories reflect growth in the bank's operations.

The 1994 federal budget included a proposal to require financial institutions and their subsidiaries to value certain equity and debt securities at market value (rather than cost) for tax purposes. This proposal, if implemented, would accelerate the recognition of gains and losses on these securities for tax purposes. Since the proposal affects the timing of the payment of taxes there will be an impact on the deferred tax balance reported in the balance sheet. However, the total amount of taxes ultimately paid will not change. The 1994 budget also proposed changes to the taxation of earnings by foreign subsidiaries and affiliates of Canadian corporations. These changes, if implemented, would apply to 1996 and subsequent fiscal years and would cost the bank approximately $30 million annually.

The federal government's proposal to limit the deductibility of provincial payroll and capital taxes has been deferred for another year. The original proposal is being reviewed in light of comments received from taxpayers and the current revenue sharing discussions between the federal government and the provinces.

The latest federal proposal to replace the GST with a combined federal and provincial sales tax could, if implemented, result in higher sales taxes to the bank. The increase would be attributable to the payment of provincial sales tax on services which previously were not taxable.

RISK MANAGEMENT

Risk Management's goal is to have the ability to understand, measure and monitor risk, the discipline to adhere to CIBC's policies on quality, concentration and pricing, and to avoid risks that are not consistent with a prudently run financial institution. As part of its normal business activities, CIBC manages three basic types of risk – credit, market and operational – which are discussed in more detail below.

The responsibility for managing CIBC's risk exposure is concentrated in a central Risk Management group headed by a Senior Executive Vice-President. The Risk Management group reports directly to the Chairman and Chief Executive Officer and works closely with two senior management committees, the Credit and Investment Policy Committee, and the Asset Liability Management Committee (ALCO), as well as two committees of the Board of Directors, the Risk Management and Conduct Review Committee and the Audit Committee.

The Credit and Investment Policy Committee is made up of six of the bank's most senior officers and is chaired by the Chairman and Chief Executive Officer. Its role is to approve risk management policies, to regularly review the diversity and composition of the bank's portfolio, and to approve specific transactions that fall outside approved policies.

The Asset Liability Management Committee, which is made up of senior officers and also chaired by the Chairman and Chief Executive Officer, is responsible for establishing, documenting and enforcing policies that involve market risks such as liquidity, interest rate and foreign exchange. The Committee's mandate also includes the continuous general assessment of the appropriateness of the bank's strategies for management of assets, liabilities and capital, taking account of current and expected future economic conditions and their possible effects on financial markets.

The Risk Management and Conduct Review Committee, is made up entirely of bank directors who are not officers of CIBC. It performs two crucial roles: it approves major credit and risk management policies, and it establishes procedures for dealing with related party transactions and conflict of interest issues.

The Audit Committee, which is also made up of independent bank directors, reviews compliance and control procedures as well as lending practices and loan loss provisioning.

At the operational level, three committees oversee and direct CIBC's risk-taking activities. Two of these are chaired by the Senior Executive Vice-President, Risk Management and include the Credit Committee, whose primary role is to deal with credit requests in excess of limits delegated to the business units, and the Market Risk Committee, which is responsible for the control and effective management of market and operational risks. The Investment Committee, chaired by the Vice-Chairman, approves specific investments within delegated limits.

CREDIT RISK MANAGEMENT

Credit Risk

In the normal course of business, credit risk arises when the bank relies on another party to honour or perform contractual obligations. With a loan, the main credit risk is the possibility that our customers will be unable or unwilling to repay some or all of the principal amount they have borrowed, or to make interest payments when they come due. With off balance sheet instruments, CIBC is exposed to contingent credit risk, specifically, the risk that at time of default the prevailing market conditions are such that CIBC would incur a loss in replacing the defaulted transaction. Contingent credit risk is quantified using a number of methodologies depending on the particular product generating the risk. The resulting credit equivalent amount is aggregated with direct credit risk exposure and is subject to the same credit policies and processes.

CIBC's day-to-day credit risk management policies and procedures are established and approved by the Credit and Investment Policy Committee, while issues concerning major credit concentrations and conflict of interest are dealt with by the Risk Management and Conduct Review Committee.

The policies and procedures established by these two committees are designed to maintain the quality of CIBC's assets by managing and controlling credit risk, limiting our exposure to any single name or common risk, and controlling the concentration of risk in any one industry, geographic region or product line. This policy is discussed in more detail on page 29.

Environmental risk has become an important aspect of credit risk. A formal Environmental Risk Management Program is in place to promote awareness of environmental risk in all of the bank's operations, to help minimize CIBC's exposure to potential liabilities, to assist our customers in understanding their environmental risks, and to assist account and risk managers in considering environmental issues into their credit decisions. Where appropriate, environmental audits are required to help mitigate this risk.

Credit Process

The bank's credit authority emanates from the Board of Directors to the Chairman and Chief Executive Officer. He, in turn, delegates this authority to the Senior Executive Vice-President, Risk Management, who is responsible for further delegation of credit authority through the senior officers of Risk Management and to our two Presidents. The Risk Management group must concur with the delegation of all credit authority within CIBC's line organization.

CIBC's risk management structure controls the credit process and is designed to instill a strong sense of accountability and a disciplined approach throughout the organization. We

operate 10 regional risk management departments worldwide in addition to our head office in Toronto.

Each of these has a lending limit ranging from $5 million to $25 million (in Canadian or U.S. currency). Requests for credit exceeding regional limits are decided by the Risk Management group at head office. New credit requests that exceed $75 million or renewal credits in excess of $100 million (Canadian or U.S. dollars) are reviewed by the Credit Committee, which is made up of senior officers from Risk Management and the business units, and are subsequently presented to the Board of Directors.

We impose a disciplined approach to risk by continuously monitoring all credit situations and by aggressively managing past due and non-performing accounts. Computer-based loan management models, formal risk ratings for commercial and corporate clients and credit scoring for small business and consumer clients assist our credit officers and risk managers in their work. Specific industry profiles have been developed outlining factors, such as key credit risks and appropriate products and terms, to assist lending officers and risk managers adhere to policies and standards.

We grade all corporate and commercial credits on a risk scale of 1 to 9, with 1 representing low-risk public sector business and 9 representing the highest-risk non-performing accounts. The majority of our business loans are in categories 3 to 6. Companies having risk ratings of 7 or higher are placed on a watch list where they are actively managed. The trend over the past year is toward improved risk exposure. For consumer loans, CIBC uses different credit techniques because of the large number of customers and smaller transaction sizes. Credit approvals and delinquencies are controlled on a customer-by-customer basis. However, we also use other techniques, such as credit and behavioural scoring, to control the quality of our credits and help our risk managers compile statistics on doubtful accounts, delinquencies and write-offs.

Many of our credit exposures benefit from collateral arrangements which serve to mitigate ultimate loss in default situations. The existence of collateral is a factor in establishing risk levels and assigning risk ratings.

Credit Risk Concentration

The Office of the Superintendent of Financial Institutions (OSFI) imposes a limit of 25% of regulatory capital on risk exposure to a single name or common risk. Under this formula, CIBC's present limit would be $2.8 billion. However, we manage our single name and common risk exposure based on a series of risk-based limits that are substantially lower than required by OSFI regulations.

At CIBC, we monitor concentration in four basic areas: by single name or common risk, by industry groups, by geographic location and by financial product line. Maximum policy limits and guidelines for each type of concentration approved by the Credit and Investment Policy Committee and the Risk Management and Conduct Review Committee are in place for each. The policy covering single name or common risk exposure is based on the degree of risk, ranging from a maximum of $1 billion for the lowest-risk public sector entities to a far lower level for higher-risk rated (6) businesses. Concentrations in excess of $1 billion require the approval of the Risk Management and Conduct Review Committee.

On the industry concentration side, we have identified 16 industry groups or segments for exposure control purposes. Except for financial institutions, no single industry exposure is to exceed a range of 5% to 15% of the bank's business credit portfolio. In addition, certain industry related groups, such as those that are resource based (e.g., mining, forest products, oil & gas) or those that are particularly cyclical in nature (manufacturing, retail, wholesale) are subject to lower group limits. Currently, all industry exposures are within the approved limits.

From a geographic perspective, we manage exposure within three areas: Canada, the United States and outside North America. In Canada, our policy is to manage the domestic portfolio to ensure that exposure in each region is consistent with the level of economic activity and CIBC representation. In the United States, our target markets consist primarily of large corporations who operate, for the most part, on a national or multinational basis. Our U.S. real estate portfolio is managed geographically to be consistent with regional economic activity.

As a normal part of our business, we also grant cross-border credits to a number of countries and their residents in order to support international trade and commerce. The credits are usually made in currencies other than the local currency of the borrower or guarantor and are repayable to CIBC in foreign currencies. The ability of a country and its residents to repay cross-border credits is a risk to CIBC since they may lack foreign exchange reserves or be prone to political instability. To manage and control this risk, we have established geographic concentration limits for countries outside Canada and the United States with whom we wish to do business. At least once a year these countries are rated for creditworthiness by our Country Rating Committee, and dollar limits for each are established and approved by the Board of Directors.

CIBC also establishes concentration limit policies for new or existing financial products, such as capital markets instruments, money market securities, fixed deposits and derivatives. Global book limits are in place for each product to prevent an excess concentration of risk in any one product line.

Non-Performing Loans

excluding LDCs
$ millions

As at October 31, 1994	Canada	United States	Other countries	Total	Allowance for credit losses	Net
Residential mortgages	$ 227	$ —	$ —	$ 227	$ 23	$ 204
Personal loans	170	1	12	183	81	102
Credit card loans	65	—	—	65	65	—
Trades and services	280	6	121	407	193	214
Manufacturing	169	31	18	218	117	101
Real estate	796	803	151	1,750	964	786
Agriculture	21	—	—	21	3	18
Natural resources	14	—	3	17	15	2
Transportation and communications	9	1	22	32	18	14
Other	173	—	1	174	72	102
Non-performing loans	$1,924	$842	$328	$3,094	$1,551	$1,543
As a percentage of total net loans and acceptances						1.4%
As a percentage of shareholders' equity						18.3%

As at October 31, 1993	Canada	United States	Other countries	Total	Allowance for credit losses	Net
Residential mortgages	$ 214	$ —	$ 200	$ 414	$ 26	$ 388
Personal loans	178	6	13	197	86	111
Credit card loans	66	—	—	66	66	—
Trades and services	329	55	203	587	203	384
Manufacturing	222	52	16	290	95	195
Real estate	1,027	883	505	2,415	1,312	1,103
Agriculture	31	—	1	32	5	27
Natural resources	24	6	—	30	15	15
Transportation and communications	77	51	24	152	60	92
Other	148	3	2	153	41	112
Non-performing loans	$2,316	$1,056	$ 964	$4,336	$1,909	$2,427
As a percentage of total net loans and acceptances						2.3%
As a percentage of shareholders' equity						30.5%

As at October 31, 1992	Canada	United States	Other countries	Total	Allowance for credit losses	Net
Residential mortgages	$ 206	$ —	$ 272	$ 478	$ 21	$ 457
Personal loans	241	1	18	260	108	152
Credit card loans	72	—	—	72	72	—
Trades and services	334	65	177	576	138	438
Manufacturing	144	62	206	412	177	235
Real estate	901	761	481	2,143	838	1,305
Agriculture	51	—	1	52	8	44
Natural resources	20	6	—	26	13	13
Transportation and communications	109	172	30	311	30	281
Other	104	23	8	135	19	116
Non-performing loans	$2,182	$1,090	$1,193	$4,465	$1,424	$3,041
As a percentage of total net loans and acceptances						3.0%
As a percentage of shareholders' equity						45.8%

Interest Recorded as Income on Non-Performing Loans

$ millions	1994	1993	1992
Interest on non-performing loans (net of reversals)			
Business loans	$ (2)	$ 26	$ (17)
Consumer loans	17	1	(3)
In Canada	15	27	(20)
Brazil	10	22	9
Other countries	17	15	(13)
Outside Canada	27	37	(4)
Interest on non-performing loans	$ 42	$ 64	$ (24)
Average non-performing loans (net of applicable allowance)			
In Canada	$1,023	$1,459	$1,207
Outside Canada	942	1,402	1,145
	$1,965	$2,861	$2,352

Non-Performing Loans and Credit Losses

Non-performing loans are loans where credit quality has deteriorated and when, in the opinion of management, there are reasonable indications that a loss may be suffered by the bank either as to principal or interest, or if there are other circumstances which indicate that the account will prove difficult to collect in full within a reasonable period. In general, a loan where repayment of principal or payment of interest is contractually 90 days in arrears is placed on a non-accrual basis. For more details please see our notes to the consolidated financial statements on page 45.

The tables on page 30 provide an analysis of CIBC's non-performing loan portfolio. The gross non-performing loan portfolio declined in 1994 for the second consecutive year, reflecting successful collection efforts, an improving economy in most areas, lower levels of new classifications and the write-off of uncollectible loans. The improving trend was reflected in both the domestic and international portfolios recording year-over-year reductions of $392 million and $850 million, respectively.

The amount of loans moving to the non-performing category during 1994, was wholly offset by the reduction of non-performing loans through repayment or reclassification to performing status. This is a substantial improvement over 1993 and 1992, when the net move to non-performing was $0.5 billion and $3.0 billion respectively. In both 1992 and 1993, the major portion of the classifications related to real estate. The reduction in classifications during the year impacted favourably on gross non-performing loans and, coupled with the current year's provision for credit losses, decreased our net non-performing loans. Net non-performing loans declined by $0.9 billion to $1.5 billion during the year.

Further reductions in non-performing loans are expected in fiscal 1995 as economic conditions continue to improve.

Real Estate

At October 31, 1994, the gross non-performing real estate portfolio was $1.7 billion, a decrease of $0.7 billion or 28% from 1993. The glut of office space and commercial/industrial properties stemming from the over-building in the late 1980s and early 1990s continues to adversely impact this industry. There are some positive signs, though, that the worst is behind us, as well-located office, commercial and industrial property sites in major markets in North America have started to change hands. Nevertheless, many real estate developers have exhausted their reserves, and face continuing difficulties in servicing their debt obligations. In 1992, CIBC established a sectoral allowance of $150 million against the North American real estate portfolio to address this problem. This allowance was increased by $100 million in 1993. The current total of $250 million is considered adequate to deal with any prolonged difficulties which the industry may experience. CIBC believes that, despite a better outlook for the industry in general, difficulties will continue into 1995 and will again represent a disproportionate share of our total non-performing loans and credit losses.

The difficulties of the Olympia and York group in 1992, which resulted in loans being classified non-performing, have been well documented. The restructuring and reorganization in both Canada and the United Kingdom were finalized in 1993. The United States reorganization is expected to be completed in 1995. CIBC's position continues to be adequately secured or provided for against loss.

Lesser Developed Countries

There has been little change during the year in the net book value of our loans and investments in lesser developed countries (LDCs), although favourable market conditions have improved the market value of our position. The book value before provisions of our LDC loans and investments at October 31, 1994, was $232 million. Of this amount, loans and investments in Brazil, most of which were converted to government bonds during the year, totalled $169 million. The balance represents our interests in Jamaica and Trinidad and Tobago.

After deducting the general country risk provision of $122

Allowance for Credit Losses

$ millions	**1994**	1993	1992
Balance at beginning of year	**$2,049**	$1,659	$ 570
Write-offs	**(1,395)**	(699)	(766)
Recoveries	**62**	133	64
Provision for credit losses charged to the consolidated statements of income	**880**	920	1,835
Foreign exchange and other adjustments	**77**	36	(44)
Balance at end of year	**$1,673**	$2,049	$1,659
Of which,			
Specific	**$1,301**	$1,659	$1,274
Sectoral	**$ 250**	$ 250	$ 150
General country risk	**$ 122**	$ 140	$ 235

million, the net book value of $110 million compares with a market value of $132 million.

In addition, we hold U.S.$30 million in Brazilian bonds which we received in lieu of unpaid past due interest. These bonds, which are carried at a nil book value, have a market value of approximately Cdn.$28 million. We expect to realize on our Brazilian bond holdings during 1995, assuming suitable market conditions exist.

Allowance for Credit losses

As shown in the above table, the allowance for credit losses consists of three components: specific, sectoral, and general country risk. At October 31, 1994, the allowance for credit losses was $1.7 billion, a decrease of $376 million from a year ago. The decrease is attributed to the write-off of uncollectible loans, mostly against specific provisions previously established. The 1994 level of write-offs is higher than in the previous two years, as collections and/or restructurings from previous years' problem loans were finalized.

The ratio of allowance for credit losses to gross non-performing loans, excluding loans to lesser developed countries and loan substitute securities, was 50% at October 31, 1994, up from 44% and 32% in 1993 and 1992 respectively. This ratio is an important measure of financial strength.

With the somewhat improving outlook for certain segments of the North American real estate industry, the sectoral provision was not increased this year and remains at $250 million.

Provision for Credit Losses

In fiscal 1994, the provision for credit losses charged to the income statement was $880 million. This is down from $920 million charged in 1993, and significantly lower than the $1.8 billion charged in 1992. While the provision remained quite high in 1994, the overall situation is improving and we expect a significant reduction in credit losses in 1995.

The effects of an improving global economy resulted in reduced provisions in all geographical regions and in most industry sectors. As indicated in the table on page 33, the provision in Canada decreased by $41 million in 1994 from $799 million to $758 million. Year-over-year reductions in provisions were also evident in the United States where provisions declined from $139 million to $103 million, and in the 'Other countries' provisions which decreased by $23 million to $19 million. The decline in the other countries was due primarily to improved conditions in our European operations where the 1994 total provision was $26 million, a $59 million decrease from the previous year.

Approximately 44% of the 1994 provision is related to our real estate portfolio, of which 86% is for the Canadian exposure and 14% is for our U.S. exposure. For the five years 1990-1994, provisions and write-offs against real estate, including the sectoral provision, have totalled $2.2 billion.

In the consumer loan portfolio, provisions against residential mortgages increased by $11 million to $28 million but still represent a very low loss ratio in this $32.2 billion portfolio. Credit card loan provisions increased by 8% to $68 million. This was mainly due to increased business as loans were up by 25% to $3.6 billion.

Provisions against the personal loan portfolio have reduced significantly during the year from $122 million in 1993 to $89 million in 1994. This is a result of the improving economy and enhanced collection and credit origination techniques.

Market Risk Management

CIBC engages in transactions that expose the bank to market risk in the normal course of business. Market risk includes liquidity risk, interest rate risk, and foreign exchange risk.

CIBC's financial performance is affected by its capacity to understand and effectively manage market risk. Our challenge is not only to measure and monitor these risks, but to manage them as profit opportunities.

Our goal is to be recognized as a benchmark financial services institution for the measurement and management of market risk. Our market risk management framework is evolving towards best practices in terms of policies, methodologies, and infrastructure.

Our market risk management policies are closely linked to our business strategies. Market risk limits are set within the risk tolerances established by the Asset Liability Management Committee (ALCO).

The management of liquidity risk includes the maintenance of a high level of depositor confidence, the holding of readily marketable securities, the diversification of funding sources, the provision of assured funding through committed lines of credit from other banks, and the management of maturities of assets and liabilities to avoid excessive funding needs over short periods. Management of interest rate risk and

Provision for Credit Losses

$ millions	1994	1993	1992
Provision in Canada			
Residential mortgages	$ 28	$ 17	$ 12
Personal loans	89	122	216
Credit card loans	68	63	82
Trades and services	88	92	138
Manufacturing	108	66	77
Real estate	331	349	184
Agriculture	—	2	2
Natural resources	(4)	6	17
Transportation and communications	12	56	11
Other	38	26	42
	758	799	781
Provision outside Canada (excluding LDCs)			
United States			
Real estate	56	97	215
Transportation and communications	—	(31)	37
Trades and services	47	65	6
Other	—	8	8
Other countries			
Real estate	—	12	436
Manufacturing	4	(35)	130
Trades and services	12	57	41
Other	3	8	31
	122	181	904
Total credit losses before sectoral provision and LDC recovery	880	980	1,685
Sectoral provision	—	100	150
Recovery on LDC loans	—	(160)	—
Total credit losses charged to the consolidated statements of income	$880	$920	$1,835
As a percentage of total net loans and acceptances	0.8%	0.9%	1.8%

foreign exchange risk involves the arranging of an acceptable blend of maturities in assets, liabilities and off balance sheet transactions such that the impact of future changes in interest and foreign exchange rates does not have a serious adverse impact on the earnings or shareholders' equity of the bank. Interest rate and foreign exchange risk are controlled from both a current earnings and an economic perspective. Positions at risk are measured using statistical methodologies and monitored to ensure compliance with delegated limits. Our interest rate risk measurement techniques also include measures of income sensitivity to various movements in interest rates.

We are committed to the development of increasingly sophisticated technology and analytical tools to support our risk measurement methodologies. A particularly important initiative in this regard is Risk Adjusted Return on Capital (RAROC). This system will focus on the measurement and efficient usage of economic capital. It will provide a tool which measures risk in relation to return at each level of our business activity. In addition, it will facilitate the comparison, aggregation, and management of risks across the organization.

RAROC will incorporate increasingly sophisticated measures of market, credit and operational risks. CIBC is well underway in implementing a comprehensive market risk measurement methodology called Dollars-at-Risk (DAR). DAR is a probability-based approach which uses volatilities and correlations to quantify, in dollar terms, the market risks of a particular portfolio. The DAR measure will enhance our present risk assessment process by enabling us to reduce, to a common denominator, all of the market risks that we undertake in each market and for every major product. DAR has been running in prototype form for over a year within one of the bank's largest trading areas. During this period, the methodology has proven itself to be a credible and reliable measure of market risk. Our implementation team is now installing the DAR measurement system across a wide range of our investment banking activities, with the ultimate goal of a comprehensive and global view of CIBC market risk using a consistent measurement framework. We have also commenced implementation of a similar methodology for measuring contingent credit risk associated with derivative products. In contrast to traditional lending, our credit exposure on a derivative contract is effectively the positive value (if any) of that contract at the time a counterparty defaults. This value changes in response to movements in market rates. We therefore employ techniques similar to DAR to estimate what

that value could be assuming that our counterparty could default at any time over the term of the contract. The third component of RAROC will attribute capital to support operational risks. In this regard, we have developed a model to assess and quantify these risks. Implementation of this component will occur together with the implementation of the enhanced market and credit risk measures.

The following sections discuss in greater detail CIBC's approach to managing the primary market risks.

Liquidity Risk

The objective of liquidity management is to ensure the availability of sufficient funds to honour all of our financial commitments, including our customers' liquidity needs. Liquidity management addresses the need to meet deposit withdrawals on demand or at contractual maturity. We manage our liquidity by monitoring expected inflows and outflows of funds on a daily basis and by developing our sources of funding with the objectives of maintaining stability and diversification.

The ALCO establishes liquidity policies which include guidelines and limits for cash management, asset liquidity, and funding diversification. Our cash management policy ensures an ongoing capability to meet day-to-day cash requirements. Limits governing the maximum levels of net cash outflows have also been established.

The objective of our asset liquidity policy is to maintain a level of liquid assets for normal operating purposes which are available immediately and can be sold if necessary to meet cash requirements. Our policy emphasizes higher quality asset holdings readily available to meet typical requirements. We maintain liquid asset portfolios that balance the benefit of having short-term assets available to meet our cash requirements with the lower yields normally available from these investments.

Our deposit concentration and diversification policies are intended to promote both stability in CIBC's deposit base and a superior ability to raise funds when required. This is accomplished by offering a wide range of deposit products in many markets, thereby developing relationships with a large number of customers.

CIBC's large base of Canadian dollar deposits by individuals, which stood at $56.2 billion at October 31, 1994, provides us with a stable and secure source of funding in our home currency. These deposits fund a significant proportion of CIBC's asset base, thereby reducing our reliance on other, more volatile sources of funds. This results in reduced pressure on our cash flows and provides a favourable liquidity position without having to rely on costly money market financing.

CIBC maintains a portfolio of readily marketable Canadian dollar and foreign currency securities. The total securities portfolio of $28.8 billion at October 31, 1994 includes liquid assets of approximately $23.6 billion. This portfolio represents 19% of our total assets and is equal to 51% of our non-personal deposits. In addition to providing liquidity in major currencies, this portfolio generates significant income through our active participation in global securities markets.

Day-to-day cash positions in each currency are managed locally and in aggregate, in accordance with policies established by the ALCO.

Interbank deposits also facilitate liquidity management and help us to obtain funds from the interbank Eurodollar deposit markets. At October 31, 1994, deposits with CIBC by other banks were $20.2 billion, while deposits with other banks amounted to $8.3 billion.

CIBC places particular emphasis on the diversification of international funding sources. We have succeeded in developing a broad global funding base by varying the currencies, markets, instruments, and maturities of deposits. For example, in the United States, our commercial paper program stands at $3.5 billion, making it one of the largest commercial paper programs of any foreign bank. This program complements our other funding sources and, by enhancing and expanding our range of products, enables us to attract deposits worldwide. CIBC has the ability to access geographically diverse capital and money markets, thereby allowing for the issue of a wide variety of funding instruments.

In addition to these programs, CIBC maintains active asset securitization and loan syndication programs which facilitate the liquidation of assets when appropriate. Contingency programs also exist which could be implemented to minimize the risk associated with extraordinary changes in market conditions.

CIBC is also an active participant in the capital markets. In addition to issuing commercial paper, we raise funds through the issuance of debentures, preferred shares, and common shares.

Prominent international credit rating agencies continue to assign CIBC ratings which allow the institution to access global capital and money markets on favourable terms. The ability to access these markets with an assured credit rating provides CIBC with a broad range of alternatives in managing its liquidity position.

Interest Rate Risk

Interest rate risk results from differences in the maturities or repricing dates of assets and liabilities, both on and off balance sheet. Interest rate risk exposures, or 'gaps', may produce favourable or unfavourable effects on interest margins depending on the direction of the gap and the direction of interest rate movements. If more liabilities than assets mature or reprice in a particular time interval, a liability sensitive interest rate gap exists. This will create an exposure to rising interest rates. Conversely, when assets have a shorter average maturity than liabilities, an increase in interest rates has a positive impact on net interest margins. Maturity or repricing profiles change in the ordinary course of the bank's business; for example, as our customers' preferences for different maturities or terms of mortgages, loans and deposits change.

The ALCO has established interest rate risk limits for each of our major banking, trading and investment activities in order to ensure that earnings and the long-term value of equity are protected. These limits reflect the amount of interest rate risk that CIBC is willing to tolerate while allowing the bank to take advantage of profit opportunities.

The bank measures the impact, from a current earnings perspective and from a common shareholders' equity or an economic perspective, of adverse movements in interest rates. These exposures are monitored and controlled to ensure that they fall within tolerable limits. Forecasts of interest rate risk positions and economic indicators are utilized to develop our

Interest Rate Risk Positions

$ *billions*, as at October 31, 1994:	Within 3 months	4 to 12 months	Over 1 year	Non-interest sensitive	Total
Canadian currency					
Assets	$ 44.5	$18.3	$30.8	$12.5	$106.1
Liabilities	(48.9)	(17.2)	(18.2)	(21.8)	(106.1)
Off balance sheet	(2.5)	4.5	(2.0)	—	—
Gap	(6.9)	5.6	10.6	(9.3)	—
Foreign currency					
Assets	32.6	6.1	2.0	4.2	44.9
Liabilities	(33.3)	(4.3)	(3.1)	(4.2)	(44.9)
Off balance sheet	(2.8)	1.8	1.0	—	—
Gap	(3.5)	3.6	(0.1)	—	—
Total gap, October 31, 1994	$(10.4)	$ 9.2	$10.5	$ (9.3)	$ —
Total gap, October 31, 1993	$ (15.2)	$ 17.1	$ 6.1	$ (8.0)	$ —
Total gap, October 31, 1992	$ (6.3)	$ 2.2	$ 10.0	$ (5.9)	$ —

risk management strategies. We may manage the maturity or repricing profiles of our assets and liabilities by accessing various capital markets and entering into off balance sheet activities such as interest rate swaps, futures, options and forward rate agreements.

The current earnings risk measure focuses on the potential impact on earnings, over the next 12 months, of an immediate 1% increase in interest rates across all maturities. A measure of risk from this perspective is relevant because it reflects the importance of reported earnings to long-term financial performance.

The measure of interest rate risk from the economic perspective looks at the potential impact of market rate movements on the present value of assets and liabilities.

Given the bank's consolidated maturity and repricing profile as at October 31, 1994, an immediate 1% increase in interest rates would reduce net income by approximately $35 million over the next 12 months and common shareholders' equity, as measured on a present value basis, by approximately $190 million.

The table above represents the consolidated interest rate risk position of the bank as at October 31, 1994. The over 1 year position of $10.5 billion is comprised primarily of our core gap position. This position was influenced significantly in 1994, as in 1993, by customer preferences for shorter term mortgages. Through active gap management, we have lengthened the maturity profile of the core position from the previous year to take advantage of profit opportunities available from the shape of the yield curve.

It should be noted that the reported gap position for October 31, 1994, presents our risk exposure at one point in time only. Exposure can change quickly depending on the preferences of our customers for products and terms, changes in our expectations of interest rate movements, and the nature of our transaction activity in managing the portfolios which make up the consolidated gap position.

Foreign Exchange Risk

Foreign exchange risk arises because CIBC has assets and liabilities in a number of different currencies. Unless assets and liabilities are matched by currency, there is a risk that exchange rate movements may have a negative financial impact.

CIBC engages in the active trading of foreign exchange through trading rooms in Toronto, New York, London and Singapore. Foreign exchange risk arising from trading activities is managed within policy limits set by the ALCO. Based on net currency trading positions as at October 31, 1994, an adverse movement in foreign exchange rates of 5% would reduce net income by approximately $8 million, while the average exposure for the year was $5 million. Foreign exchange risk exposures also result from mismatches in forward exchange contracts. The exposure is to adverse changes in interest rate differentials between the yield curves of the relevant currencies. CIBC combines this exposure with those arising from the use of other interest rate products.

Foreign exchange risk also arises from non-trading areas of the bank, principally those representing foreign currency capital and earnings positions. Our policy is to hedge these positions as they arise.

Off Balance Sheet Activities

In the normal course of business, CIBC engages in a variety of off balance sheet activities in order to meet our customers' needs, as well as to earn trading income and manage market risk exposures. These off balance sheet activities fall into two broad categories: credit related arrangements and derivatives.

Each type of off balance sheet arrangement or contract will limit or give rise to varying degrees and types of risk. These can include credit, market and operational risk. For a further discussion of risks and procedures used to monitor such risks, refer to pages 28, 32 and 38.

Notional Amounts and Current Replacement Cost

	Remaining life			Notional amount			Current replacement cost		
$ millions, as at October 31:	<1 year	1-5 years	>5 years	1994	1993	1992	1994	1993	1992
Interest rate products:									
Forward rate agreements	$189,908	$ 2,685	$ —	$192,593	$147,263	$145,373	$ 98	$ 240	$ 265
Futures contracts[1]	30,142	8,478	—	38,620	56,740	25,988	—	—	—
Swap contracts	75,472	78,037	18,420	171,929	117,539	100,208	2,599	4,017	3,325
Purchased options	40,524	12,211	2,843	55,578	28,234	58,541	162	324	233
Written options[1]	36,197	12,034	2,939	51,170	23,408	42,662	—	—	—
	372,243	113,445	24,202	509,890	373,184	372,772	2,859	4,581	3,823
Foreign exchange products:									
Foreign exchange contracts	199,305	23,946	513	223,764	181,589	186,871	2,566	2,138	3,816
Futures contracts[1]	195	—	—	195	225	318	—	—	—
Swap contracts	5,753	17,084	7,919	30,756	32,261	26,499	1,663	1,478	736
Purchased options	13,769	466	—	14,235	3,635	5,990	26	49	83
Written options[1]	14,555	542	—	15,097	3,698	5,310	—	—	—
	233,577	42,038	8,432	284,047	221,408	224,988	4,255	3,665	4,635
Other[2]	9,596	1,693	—	11,289	3,180	1,956	720	83	52
Total	$615,416	$157,176	$32,634	$805,226	$597,772	$599,716	$7,834	$8,329	$8,510

[1] Futures contracts are traded through an established exchange and are subject to daily margin requirements, hence, they are deemed to have no credit risk. Options written by the bank also have no credit risk as the bank has already collected its income from these transactions.
[2] Includes primarily equity futures, swaps and options; precious metal and other commodity forwards, futures, swaps and options.

The notional amounts associated with these arrangements and contracts are not recorded as assets or liabilities on the balance sheet. Off balance sheet treatment is generally considered appropriate either where exchange of the underlying asset or liability has not occurred nor is assured, or where notional amounts are used solely to determine cash flows to be exchanged. Income from off balance sheet transactions includes interest income, interest expense, trading gains and losses and fee income.

Credit Related Arrangements

Credit related arrangements include lines of credit, guarantees and letters of credit. These arrangements are primarily client driven and are typically entered into in order to meet the short-term financing needs of our customers or to facilitate international trade. The bank's policy of requiring collateral or other security to support credit related arrangements and the types of security held is generally the same as for loans. For credit related arrangements, exposure to credit loss in the event of non-performance by the other party is represented by the contractual amount. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts are not necessarily indicative of future cash requirements or credit risk. These arrangements are discussed in note 15 to the consolidated financial statement on page 54.

Derivatives

Derivatives are contracts whose value is derived from an underlying asset or an underlying reference rate or index. The most common derivative contracts are related to interest and foreign exchange rates. Derivatives provide highly effective tools that enable users to manage asset or liability repricing intervals, yields, currencies, or other exposures to risk as well as to take positions. Derivatives also provide a cost-effective and flexible alternative to assuming market risks associated with traditional on balance sheet instruments.

CIBC's derivative activities are client driven as well as undertaken for the bank's own account in conducting proprietary trading activities. In addition, we utilize interest rate and foreign exchange derivative financial instruments as part of the bank's asset liability management program.

A significant proportion of our derivative activity results from transactions undertaken to meet the risk management needs of our clients. This activity, combined with our proprietary trading activity, amounts to approximately 94% of our outstanding contracts as at October 31, 1994.

CIBC uses derivatives, as an end-user, to adjust the bank's asset and liability risk profile. The bank employs a variety of derivative instruments, primarily swaps, in managing its exposure to fluctuations in market interest rates and foreign exchange rates. As at October 31, 1994, the notional principal of interest rate and foreign exchange related derivative contracts utilized for asset liability management purposes amounted to $48 billion.

The table above exhibits the notional amounts of derivatives outstanding at the end of fiscal years 1992 through 1994. Our derivatives portfolio grew notably during 1994. Specifically, the off balance sheet aggregate book totals increased 35% from less than $600 billion in 1993 to more than $800 billion in 1994, after little change from 1992 to 1993. Our active participation in this business expanded both from a client driven and proprietary trading perspective. Volatile markets and continuing productive marketing efforts globally have made clients increasingly aware of the value of financial risk management products to reduce risk and manage earnings. Importantly, many of our counterparties consciously

Credit Equivalent and Risk-Weighted Amounts of Derivatives

$ millions, as at October 31:	1994	1993	1992
Credit Equivalent Amount:			
By exposure			
Current replacement cost	$ 7,834	$ 8,329	$ 8,510
Future credit exposure	4,667	3,551	3,533
Total credit equivalent amount by exposure	$12,501	$11,880	$12,043
By counterparty risk weight			
Risk weight: 0%	$ 809	$ 847	$ 1,546
20%	8,399	6,852	7,261
50%	3,293	4,181	3,236
Total credit equivalent amount by counterparty risk weight	$12,501	$11,880	$12,043
Risk-Weighted Amount			
Interest rate products:			
Forward rate agreements	$ 55	$ 76	$ 83
Swap contracts	787	1,324	1,153
Purchased options	75	108	72
	917	1,508	1,308
Foreign exchange products:			
Foreign exchange contracts	1,229	1,226	1,282
Swap contracts	756	639	383
Purchased options	46	33	66
	2,031	1,898	1,731
Other	378	55	32
Total risk-weighted amount	$ 3,326	$ 3,461	$ 3,071

restrict dealings to the most highly rated banks. Our strong credit standing allows us to attract new and increasing business from both bank and non-bank counterparties.

Within the derivatives portfolio, overall aggregate expansion has occurred, principally, in the investment banking area, through planned growth in forward exchange trading globally, a similar strategic surge in our forward rate agreement trading activity in London, combined with a continued increase in notional outstandings in our interest rate swaps book. At the same time, both our over-the-counter and exchange traded options trading activity experienced significant growth. The evidenced expansion of our derivatives business during 1994 is consistent with the objectives of our recently announced initiative to build a global financial services group.

The notional amounts of derivatives represent the volume of outstanding transactions and do not represent the potential economic effect associated with the market risk or credit risk of such transactions. The market risk of derivatives arises principally from the potential for changes in value due to fluctuations in interest and foreign exchange rates.

Credit risk arises from the potential for a counterparty to default on its contractual obligations. Derivative contracts expose CIBC to potential credit loss whenever changes in market rates affect a customer's position unfavourably and the customer defaults. Contracts that are a source of credit risk are those in which the bank has an unrealized gain (i.e., the current replacement cost, as shown in the table on page 36). In addition, as described on page 38, the bank is exposed to the credit risk that results from potential future changes in market prices. For futures and exchange traded options, exposure to credit risk is limited as these transactions are standardized contracts executed on organized exchanges that assume obligations of counterparties and generally require security deposits and daily settlement of variation margins.

CIBC attempts to limit credit risk by dealing with counterparties that are creditworthy. In addition, in response to the growing concentration of credit exposure in the derivatives business, the bank actively pursues opportunities to reduce uncertainty and minimize credit exposure related to derivatives transactions. These opportunities include expanding the use of multi-product master netting arrangements and utilizing collateral and other credit mitigation techniques. Derivative related credit losses were $2 million and nil in 1994 and 1993 respectively.

Derivative contracts entered into for purposes of trading activities are marked to market daily using primarily mid-market rates. The resultant gains are included in income for the period to the extent that such gains exceed amounts considered appropriate to defer until future periods. Where appropriate, amounts are deferred and amortized over the life of the related contracts to cover credit and market risks and administrative costs. The deferred amount was $41 million and $43 million at October 31, 1994 and 1993 respectively. Losses resulting from the mark to market process are included in income for the period.

Regulators require maintenance of capital in support of

CIBC's business activities. The table presented on page 37 reflects the capital required to support derivative activities as at the end of fiscal years 1992 through 1994. The measure of regulatory capital is discussed in further detail on page 39. Since banks are not exposed to credit risk for the full notional value of derivative contracts, a credit risk equivalent amount is calculated pursuant to the BIS risk-weighted capital framework guidelines by adding: the current replacement cost, which is the unrealized gain (if any) on the contract as described above; and a future credit exposure amount, which is a percentage of the contract amount based on its maturity. This amount is in consideration of potential future credit risk associated with the volatility in foreign exchange and interest rates. These credit equivalent amounts represent estimated maximum credit exposures without consideration to the reduction of counterparty risk obtained from master netting or collateral arrangements. The credit equivalent amounts are then weighted according to the counterparty risk as follows: 0% for OECD governments, Canadian provinces and their agencies; 20% for OECD incorporated banks and public sector entities; and 50% for other counterparties. This risk-weighted amount is used to determine the amount of regulatory capital that must be available to support the transaction

Operational Risk Management

Operational risk management is defined as the process of ensuring the effectiveness and efficiency of operations, the reliability of financial and management reporting, the security and safeguarding of assets, and compliance with regulations and laws.

Operational risks are inherent in all of CIBC's activities. There are processing risks associated with the proper completion of transactions, where faulty information or an error could result in a loss or the reporting of incorrect information to management and externally. There are risks of property loss or losses arising from business interruption caused by systems or utility failures, political acts, or the occurrence of an unforeseen disaster. Risk of loss from crime such as internal or external fraud represents another form of operational risk, as do potential liabilities arising from noncompliance with regulations or laws. While operational risk can never be eliminated, it can be managed to an acceptable level.

The key to managing operational risks, as with all forms of risk, is in applying sound risk identification and measurement techniques, and employing prudent methods of risk control. The achievement of this fundamental requirement necessitates a contribution by all levels of the organization. The role of the Board of Directors and its functioning committees as overseers, together with senior management's accountability to the Board are crucial elements in establishing and sustaining an effective management control structure. Senior management is responsible for the establishment of a control environment which provides and promotes discipline and a strong foundation for operational control. The Board of Directors and senior management set the tone for the bank's control environment, influencing the control consciousness of its people. Through its actions and communications, senior management demonstrates that integrity and ethical values are integral to the bank's culture. Management's positive operating philosophy and style encourages interaction among senior management and operating personnel and the assessment and control of operational risk.

Responsibility for the development and enforcement of operational risk management policies is delegated to CIBC's business units. They are supported by specialists in areas such as legal, compliance, internal audit, security, information technology, risk management and corporate insurance, who help identify and assess operational risks. Communicating directly with the Board of Directors, the Chairman and Chief Executive Officer, and senior management committees, these specialists advise on and recommend the establishment of cost effective operational risk management policies. They also evaluate and monitor procedures and controls established to respond to these policies, and report regularly on their findings.

Our people are critical to the management of operational risk and the importance we place on them is reflected in the substantial investments we make in their training and development, as well as in our other human resource policies and practices. Comprehensive recruitment and screening programs and selection criteria to attract employees with skills commensurate with the needs of the organization are in place.

In terms of procedural controls, the principles of clear delegation of authority and segregation of duties are reflected fully in all of CIBC's documented operating procedures and manuals. The importance of having systems which provide timely and accurate management information receives strong ongoing attention in our strategic and financial plans. Proper and prudent controls are in place for accounting systems and recordkeeping, valuation of on and off balance sheet items, safeguarding and protection of CIBC's assets and those of its customers, and information technology. CIBC has a comprehensive business recovery planning process in place to ensure that CIBC's key business functions could continue operating, and normal operations could effectively and efficiently be restored, in the event of an unforeseen disaster.

The Board of Directors receives regular reports on the quality of operational risk management at CIBC. The internal control environment which has been established, provides assurance to all of CIBC's stakeholders that its operational risks are being soundly and prudently managed.

Capital Management

Regulatory Capital and Capital Ratios

$ millions, as at October 31:	1994	1993	1992
Tier 1 capital			
Common shares	$ 3,200	$ 3,016	$ 2,433
Retained earnings	3,544	3,060	2,745
Non-cumulative preferred shares	1,391	1,578	1,160
Non-controlling interests in subsidiaries	78	62	52
Goodwill	(115)	(129)	(98)
	8,098	7,587	6,292
Tier 2 capital			
Perpetual debentures	744	726	681
Cumulative preferred shares	300	300	300
Other debentures (net of amortization)	2,519	2,210	2,163
	3,563	3,236	3,144
Total Tier 1 and Tier 2 capital	11,661	10,823	9,436
Equity accounted investments and other	(387)	(144)	(159)
Total capital	$ 11,274	$ 10,679	$ 9,277
Risk-weighted assets			
Balance sheet assets	$ 91,151	$ 88,460	$ 86,939
Off balance sheet items	22,183	21,428	19,378
Total risk-weighted assets	$113,334	$109,888	$106,317
Regulatory capital ratios			
Tier 1 capital	7.1%	6.9%	5.9%
Total capital	9.9%	9.7%	8.7%
Leverage ratio[1]	14.3x	14.0x	15.1x

[1] In addition to meeting minimum risk-weighted capital ratios, the bank cannot exceed a leverage ratio of 20 times capital (calculated by dividing total assets, including letters of credit, guarantees, and sale and repurchase agreements by total regulatory capital), as stipulated by the Office of the Superintendent of Financial Institutions.

Regulatory Capital and Capital Management

CIBC is a strongly capitalized financial institution. A solid capital foundation protects our depositors and creditors by supporting normal business operations, provides us with flexibility to undertake strategic opportunities, assures our long-term stability, and helps maintain good credit ratings.

Canadian banks measure their regulatory capital strength according to guidelines issued by the Office of the Superintendent of Financial Institutions (OSFI), pursuant to the Capital Accord (1988) of the Bank for International Settlements (BIS). Under these rules, all balance sheet assets and off balance sheet exposures are assigned weighting factors which reflect each item's credit risk to determine risk-weighted assets. (For further details of our off balance sheet activities and the risks associated with them, see page 35). Regulatory capital ratios are calculated by dividing Tier 1 and total capital by total risk-weighted assets. The accompanying tables show the details of CIBC's regulatory capital, its risk-weighted assets, and its capital ratios.

During fiscal 1994, CIBC's Tier 1 capital increased through retained earnings contribution of $484 million, together with issues of common shares of $148 million under our Shareholder Investment Plan and $36 million through shares issued in connection with the merger of CIBC Investment Management Corp. with T.A.L. Investment Counsel Ltd. An issue of $250 million in debentures in March 1994 contributed to Tier 2 capital.

As at October 31, 1994, our Tier 1 and total capital ratios were 7.1% and 9.9% respectively, well above the BIS minimum regulatory standards of 4% and 8%, and they compare favourably with other major Canadian banks. The regulatory guidelines for bank holding companies in the U.S. under the Federal Reserve Board are somewhat more liberal than OSFI's. For example, cumulative preferred shares may be included in Tier 1 capital and allowances for credit losses may be included as Tier 2 capital (both subject to maximum limits). Under U.S. rules, we estimate that our Tier 1 and total capital ratios would have been 7.3% and 11.0% as at October 31, 1994.

Capital Initiatives

We believe CIBC is well positioned for capital growth through increased earnings retention over the next few years. Generally, CIBC's policy is to balance distribution of profits to shareholders with the need to retain earnings consistent with our capital strength objectives and business growth opportunities. Because of this and our policy of managing capital in an efficient and cost-effective manner in order to build long-term common shareholder value, CIBC announced a number of capital initiatives to take effect subsequent to October 31, 1994.

The Shareholder Investment Plan will be revised, subject to regulatory approval, effective from the December 28, 1994

Risk-Weighted Assets

				Risk-weighted amounts		
$ millions, as at October 31:	**1994**	1993	1992	**1994**	1993	1992
Balance Sheet Assets:						
Cash and deposits with Bank of Canada	**$ 1,141**	$ 1,346	$ 1,305	**$ 10**	$ 20	$ 21
Deposits with other banks	**8,295**	6,534	4,940	**1,658**	1,307	988
Securities issued or guaranteed by Canada, provinces, municipalities, OECD banks and governments	**20,559**	17,396	13,406	**27**	35	36
Other securities	**8,194**	6,771	6,648	**7,163**	6,230	5,729
Loans to or guaranteed by Canada, provinces, territories, municipalities, OECD banks and governments	**2,683**	3,461	3,998	**98**	93	98
Mortgage loans	**35,395**	33,916	32,045	**14,708**	14,808	14,165
Other loans	**61,860**	59,804	58,885	**56,304**	55,441	56,359
Other assets	**12,906**	12,071	10,985	**11,183**	10,526	9,543
Total assets	**$151,033**	$141,299	$132,212	**$ 91,151**	$ 88,460	$ 86,939
Off Balance Sheet Items (Contract/Notional Amounts)						
Credit related arrangements:						
Lines of credit	**$ 75,782**	$ 77,609	$ 75,010	**$ 11,682**	$ 11,015	$ 9,995
Guarantees and letters of credit	**12,923**	16,264	8,293	**6,961**	6,815	6,166
Other	**1,186**	661	685	**214**	137	146
	89,891	94,534	83,988	**18,857**	17,967	16,307
Derivatives (analysed on pages 36 and 37)	**805,226**	597,772	599,716	**3,326**	3,461	3,071
Total off balance sheet items	**$895,117**	$692,306	$683,704	**22,183**	21,428	19,378
Total risk-weighted assets				**$113,334**	$109,888	$106,317

record date. CIBC common shares distributed under the plan will be purchased in the open market rather than being newly issued from treasury and no share price discount will apply. These changes avoid unnecessary earnings dilution and provide added market price support when monthly purchases are made.

The bank has also exercised its option to redeem for cash all of the outstanding Class A Preferred Shares Series 6 as of December 1, 1994. On October 31, 1994, CIBC had on deposit, in a trust account, cash equal to the full redemption price for these preferred shares and, with the approval of the OSFI, these shares have been removed from our balance sheet and from the statement of regulatory capital shown on page 39.

In addition, CIBC has instituted a program to repurchase up to $50 million of each of its Class A Preferred Shares Series 4 and Series 5. If this program is completed, 33% of the total Series 4 and Series 5 shares outstanding will have been purchased. These shares are considered to be relatively expensive for the value they bring as capital, and have been trading in the market at less than their issue price.

For OSFI capital reporting purposes, the capital value of term debentures is amortized by 20% per year (straight-line) during their final five years to maturity. Because of the increasing amortization of some of the bank's existing debentures, and in order not to erode the bank's total capital ratio, CIBC has issued $250 million 9.65% debentures as of November 1, 1994. Further issues of subordinated indebtedness may be made as market opportunities present themselves.

On a proforma basis, our Tier 1 and total capital ratios at October 31, 1994, would have been 7.1% and 10.1%, respectively, including the effect of the $100 million Series 4 and 5 repurchase program (at par value) and the $250 million 9.65% debenture issue.

Regulatory Matters

The BIS has recently introduced an amendment to the Capital Accord which would allow wider recognition of bilateral netting arrangements for off balance sheet transactions which satisfy appropriate legal conditions. OSFI's implementation of this amendment is expected during fiscal 1995 and will result in a modest reduction in capital requirements for such contracts. The BIS is also proposing that changes be made to the calculation of the future risk of netted transactions. These proposals are still under discussion, and their overall capital impact is not yet clear.

During 1993, the BIS released a proposal for an explicit capital requirement for the market risk arising from open positions in (i) foreign exchange and (ii) debt and equity securities (and their related derivative instruments) in a bank's trading portfolio. The comments received from the banking industry are being considered by the BIS and may result in an amended proposal. It is unlikely that implementation of a market risk guideline would occur before 1997, and its effect on our overall capital position is not expected to be significant.

CIBC is in a solid capital position and our planning forecasts suggest continuing improvement in our capital strength. Anticipated regulatory developments are not expected to be a constraint to CIBC's business activities.

Financial Reporting Responsibility of Management

The management of Canadian Imperial Bank of Commerce is responsible for the preparation of the annual financial report including the consolidated financial statements. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles, including the accounting requirements of the Superintendent of Financial Institutions Canada.

In meeting its responsibility for the reliability and integrity of the financial statements, management has developed, and maintains, a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded and liabilities are recognized. The system recognizes the need for the employment and training of qualified and professional staff, effective written communication between management and staff, and management guidelines by means of the Branch Management and Operations Manual. The system also recognizes the need for established policies on social responsibility and corporate conduct, and a management organization philosophy which reflects accountability within delineated areas of responsibility. Of necessity, the financial statements contain some items which reflect the best estimates and judgements of management.

The accounting, reporting and internal control systems are reviewed by the Chief Inspector and his staff who examine and review all aspects of the bank's operations. Systems and procedures to ensure employee compliance with conflict of interest rules and with securities legislation are monitored by the Compliance Officer. The Chief Inspector and the Compliance Officer have full and free access to the Audit Committee of the Board of Directors of the bank.

The annual financial report has been reviewed and approved by the Board of Directors upon the recommendation of the Audit Committee.

A.L. Flood
Chairman and
Chief Executive Officer

J.C. Doran
Chief Financial Officer
December 1, 1994

Audit Committee's Report to Shareholders

In accordance with the Bank Act, the Audit Committee of the Board of Directors is comprised of at least three directors, a majority of the members of the Committee being directors who are persons not affiliated with the bank, and none of whom is an officer or employee of the bank or a subsidiary of the bank.

The members of the Audit Committee are: C.R. Sharpe (Chairman), D.G. Bassett, E.L. Donegan, W.A. Etherington, M.A. Franssen, W. James, M. LeClair, S.A. Milner and R.V. Smith.

The Audit Committee held 6 meetings during the year ended October 31, 1994.

The Audit Committee has the responsibility of overseeing the bank's financial reporting process on behalf of the Board of Directors. In fulfilling its responsibility, the Audit Committee recommends to the Board the selection of the shareholders' auditors. At each annual meeting, the shareholders of the bank appoint two firms of chartered accountants to be the independent auditors of the bank until the next annual meeting. The current auditors are Arthur Andersen & Co. and Price Waterhouse.

The Superintendent of Financial Institutions Canada, at least once a year, examines and inquires into the business and affairs of the bank. His examination is to satisfy himself that the provisions of the Bank Act, having reference to the safety of the interests of depositors, creditors and shareholders of the bank, are being duly observed and that the bank is in a sound financial condition. The Audit Committee is in the practice of meeting with the Superintendent of Financial Institutions Canada at least once a year.

In accordance with the by-laws of the bank and to assist the Audit Committee, the Board of Directors has appointed officers to carry out the functions of Chief Accountant, Chief Inspector and Compliance Officer.

The bank's interim and annual consolidated financial statements are discussed and reviewed by the Audit Committee with management, the Chief Accountant and the shareholders' auditors, in the presence of the Chief Inspector and the Compliance Officer, before such statements are reviewed by the directors. The Audit Committee also ensures the adequacy of internal controls over accounting and financial reporting systems and discusses with the Chief Inspector and the shareholders' auditors the overall scope, timing and specific plans for their respective inspections and audits. Regular meetings are held with the Chief Inspector and the shareholders' auditors, in the absence of management, to discuss the results of their examinations, their evaluations of the internal controls, and the overall quality of the bank's financial reporting. The meetings also facilitate any confidential communication with the Audit Committee desired by the Chief Inspector or the shareholders' auditors.

Over and above the aforementioned responsibilities, the Audit Committee has the duty to review the adoption of and changes in accounting principles and practices which have a material effect on the consolidated financial statements; to review such investments and transactions that could adversely affect the well-being of the bank which are brought to the attention of the Committee by the Chief Inspector and the shareholders' auditors or any officer of the bank; to review financial reports requiring Board approval prior to submission to securities commissions or other regulatory authorities; to help develop the bank's financial disclosure philosophy; to assess and review key management estimates and judgements material to reported financial information; and to assess the shareholders' auditors' fees.

C. Richard Sharpe
Chairman, Audit Committee *December 1, 1994*

Auditors' Report to Shareholders

We have audited the consolidated balance sheets of Canadian Imperial Bank of Commerce as at October 31, 1994 and 1993 and the consolidated statements of income, changes in shareholders' equity and changes in financial position for the years then ended. These consolidated financial statements are the responsibility of the bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the bank as at October 31, 1994 and 1993 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles, including the accounting requirements of the Superintendent of Financial Institutions Canada.

Arthur Andersen & Co.
Price Waterhouse
Chartered Accountants

Toronto, Canada
December 1, 1994

Consolidated Balance Sheets

$ millions as at October 31	1994	1993
Assets		
Cash Resources		
Cash and deposits with Bank of Canada	$ 1,141	$ 1,346
Deposits with other banks	8,295	6,534
	9,436	7,880
Securities *(Note 2)*		
Treasury bills issued by Canada	6,437	8,017
Other securities issued or guaranteed by Canada or provinces	10,834	6,685
Debt securities	8,664	6,703
Equity securities	2,818	2,762
	28,753	24,167
Loans *(Note 3)*		
Residential mortgages	32,225	30,720
Personal and credit card loans	16,807	14,650
Business and government loans	50,906	51,811
	99,938	97,181
Other		
Customers' liability under acceptances	7,259	7,069
Accrued interest receivable	1,011	787
Land, buildings and equipment *(Note 4)*	1,995	1,951
Other assets *(Note 5)*	2,641	2,264
	12,906	12,071
	$151,033	$141,299
Liabilities and Shareholders' Equity		
Deposits *(Note 6)*		
Individuals	$ 59,040	$ 57,265
Businesses and governments	36,213	34,357
Banks	20,209	19,283
	115,462	110,905
Other		
Acceptances	7,259	7,069
Accrued interest payable	1,631	1,692
Obligations related to securities sold short	7,077	5,567
Obligations related to securities sold under repurchase agreements	3,410	1,915
Other liabilities *(Note 7)*	4,240	3,132
Non-controlling interests in subsidiaries	78	62
	23,695	19,437
Subordinated Indebtedness		
Debentures *(Note 8)*	3,441	3,003
Shareholders' Equity		
Share capital *(Note 9)*	4,891	4,894
Retained earnings	3,544	3,060
	8,435	7,954
	$151,033	$141,299

A.L. Flood
Chairman and Chief Executive Officer

T.I. Ronald
Vice-Chairman

Consolidated Statements of Income

$ millions for the years ended October 31	1994	1993
Interest Income		
Loans	$7,261	$7,389
Securities *(Note 2)*	1,414	1,290
Deposits with banks	331	299
	9,006	8,978
Interest Expense		
Deposits	4,756	5,008
Debentures	248	225
	5,004	5,233
Net interest income	4,002	3,745
Provision for credit losses *(Note 3)*	880	920
	3,122	2,825
Non-Interest Income		
Underwriting fees and commissions on securities transactions	467	396
Deposit services	422	423
Credit services	329	274
Foreign exchange and capital markets	278	254
Card services	241	225
Other	471	294
	2,208	1,866
	5,330	4,691
Non-Interest Expenses		
Employee compensation	1,927	1,749
Employee benefits *(Note 10)*	270	224
Occupancy costs	395	378
Computer and other equipment	413	394
Communications	337	299
Business and capital taxes	123	114
Other	398	349
	3,863	3,507
Net income before income taxes	1,467	1,184
Income taxes *(Note 11)*	550	435
	917	749
Non-controlling interests in net income of subsidiaries	27	19
Net Income	$ 890	$ 730
Dividends on preferred shares *(Note 9)*	$ 141	$ 131
Net income applicable to common shares	749	599
	$ 890	$ 730
Average number of common shares outstanding *(in thousands)*	212,732	200,683
Net income per common share *(in dollars)*	$ 3.52	$ 2.99
Dividends per common share *(in dollars)*	$ 1.32	$ 1.32

Consolidated Statements of Changes in Shareholders' Equity

$ millions for the years ended October 31	1994	1993
Share Capital *(Note 9)*		
Balances at beginning of year	$4,894	$3,893
Issue of preferred shares	—	390
Redemption of preferred shares	(200)	—
Issue of common shares	184	583
Translation adjustment on foreign currency preferred shares	13	28
Balances at end of year	$4,891	$4,894
Retained Earnings		
Balance at beginning of year	$3,060	$2,745
Net income	890	730
Dividends *(Note 9)*	(422)	(394)
Foreign currency translation adjustment, net of income taxes *(Note 11)*	29	(7)
Share issue expenses, net of income taxes *(Note 11)*	—	(13)
Premium on redemption of Preferred Shares Series 6 *(Note 9)*	(14)	—
Other	1	(1)
Balance at end of year [1]	$3,544	$3,060

[1] The cumulative balance in the foreign currency translation account is $(22) million (1993: $(51) million).

Consolidated Statements of Changes in Financial Position

$ millions for the years ended October 31	1994	1993
Cash Flows Provided by (Used in) Operating Activities		
Net income	$ 890	$ 730
Adjustments to determine net cash from operating activities		
Provision for credit losses	880	920
Depreciation and amortization	234	218
Deferred income taxes	125	107
Net changes in accrued interest receivable and payable	(285)	(208)
Other, net	140	(384)
	1,984	1,383
Cash Flows Provided by (Used in) Financing Activities		
Deposits, net of withdrawals	4,557	3,887
Issue of debentures	250	—
Issue (redemption) of preferred shares	(200)	390
Issue of common shares	184	583
Dividends	(422)	(394)
Other, net	2,466	3,509
	6,835	7,975
Cash Flows Provided by (Used in) Investing Activities		
Loans, net of repayments	(3,637)	(3,174)
Securities, net of disposals	(4,349)	(3,860)
Other balances on deposit with other banks	(1,696)	(1,656)
Land, buildings and equipment, net of disposals	(286)	(414)
	(9,968)	(9,104)
Net increase (decrease) in cash and cash equivalents during year	(1,149)	254
Cash and cash equivalents at beginning of year	1,491	1,237
Cash and cash equivalents at end of year	$ 342	$1,491
Cash and deposits with Bank of Canada	$1,141	$1,346
Operating balances on deposit with other banks	317	252
Cheques and other items in transit, net	(1,116)	(107)
Cash and cash equivalents at end of year	$ 342	$1,491

1. Summary of Significant Accounting Policies

The consolidated financial statements of Canadian Imperial Bank of Commerce and its subsidiaries ("the bank") have been prepared in accordance with generally accepted accounting principles. The significant accounting policies used in the preparation of these financial statements, including the accounting requirements of the Superintendent of Financial Institutions Canada in accordance with Section 308(4) of the Bank Act, are summarized below.

These consolidated financial statements, when taken together with the additional unaudited financial information included in management's discussion and analysis of operating results and financial condition, conform in all material respects with the historical cost international accounting standards.

The following is a summary of the significant accounting policies and practices of the bank:

Basis of Consolidation

The financial statements include the accounts of all subsidiaries on a consolidated basis. Goodwill, representing the excess of the purchase price over the net assets of the subsidiaries acquired, is amortized to income over its estimated useful life, not exceeding 20 years, using the straight-line method, except where a write-down is required to reflect permanent impairment. Intercompany accounts and transactions have been eliminated.

Investments in companies over which the bank has significant influence are accounted for by the equity method and are included in equity securities in the consolidated balance sheets. The bank's share of earnings from these investments is included in interest income in the consolidated statements of income.

Securities

Debt securities held for investment are carried at cost, adjusted for amortization of premiums and discounts to the earlier of call date or maturity. Loan substitute securities, which are included in securities on the consolidated balance sheets, are accounted for as loans in accordance with the bank's accounting policy for loans. Equity securities of companies over which the bank does not have significant influence are carried at cost. If the value of a security held for investment suffers an other than temporary decline, the carrying value is appropriately reduced. Securities held for trading are carried at market value.

All gains and losses on sales of securities, the amortization of premiums and discounts, the revaluation to market of securities held for trading and adjustments to record other than temporary declines in value of securities held for investment, are included in interest income in the consolidated statements of income.

Loans

Loans are stated net of unearned income and of the allowance for credit losses.

Non-performing loans include non-accrual loans, acceptances and loan substitute securities, restructured loans not returned to performing status, and assets acquired on loan realization. A loan is classified as non-accrual when, in the opinion of management, there are reasonable indications that a loss may be suffered by the bank either as to principal or interest, or if there are other circumstances which indicate that the account will prove difficult to collect in full within a reasonable period. A loan where repayment of principal or payment of interest is contractually 90 days in arrears is placed on a non-accrual basis. The only exceptions are credit card loans and loans which are both well-secured and in the process of collection which are classified as non-accrual when payments are contractually 180 days in arrears, and loans guaranteed or insured by the Canadian government, the provinces or a Canadian government agency. When a loan is classified as non-accrual, all uncollected interest is reversed against interest income of the current year. Interest received on a loan, other than a sovereign risk loan, subsequent to its classification as non-accrual is not recorded as income until such time as any prior write-off has been recovered or any specific allowance has been reversed and it is deemed that the loan principal is fully collectible. Interest received on a non-accrual sovereign risk loan is recorded as income on a cash basis.

Fees relating to loan origination, including loan restructuring or renegotiating, are considered an integral part of the yield earned on the loan and are amortized to interest income over the term of the loan. Commitment fees are treated on the same basis if there is reasonable expectation that the commitment will be called upon and will result in a loan; otherwise, the fees are amortized to non-interest income over the term of the commitment. Loan syndication fees are included in non-interest income on completion of the syndication arrangement provided that the yield on any portion of the loan retained by the bank is at least equal to the average yield earned by the other lenders involved in the financing; otherwise, an appropriate portion of the fee is amortized to interest income to produce an equal average yield over the term of the loan.

Allowances for Credit Losses

The management of the bank establishes and maintains allowances for credit losses which it considers the best possible estimate of probable credit-related losses existing in the bank's portfolio of on and off balance sheet items in the light of current conditions. The allowances for credit losses consist of specific, sectoral and general country risk components which are deducted from the related asset categories, and specific allowances relating to acceptances and off balance sheet items which are included in other liabilities.

The management of the bank conducts on-going credit assessments of the portfolio on an account-by-account basis and establishes specific allowances when doubtful accounts are identified. For the personal and credit card loan portfolios specific allowances are established by reference to historical ratios of write-offs to balances outstanding. The sectoral component includes an allowance for credit losses which is prudential in nature and cannot be determined on an account-by-account basis but which management believes is warranted given the current economic conditions and trends surrounding particular industries, geographic regions or other groupings of loans in the portfolio. The general country risk component is established to absorb losses on sovereign, transborder or country risk claims on certain lesser developed countries (LDCs) designated by the Superintendent of Financial Institutions Canada.

Acceptances

The bank's potential liability under acceptances is reported as a liability in the consolidated balance sheets. The bank's recourse against the customer in the event of a call on any of these commitments is reported as a corresponding asset of the same amount.

Foreign Currency Translation

All assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates prevailing at the dates of the financial statements except for investments in foreign currency securities and fixed assets purchased with Canadian dollars which are translated at historical rates. Revenue and expenses denominated in foreign currencies are translated into Canadian dollars using prevailing monthly exchange rates. Realized and unrealized gains and losses on foreign currency positions are reported in the consolidated statement of income of the current year with the following exception – premiums and discounts on deposit swaps are amortized to maturity as interest in the consolidated statements of income. Translation adjustments of investment positions in foreign operations, net of income taxes and related hedging transactions, are reported in retained earnings.

Foreign Exchange and Interest Rate Related Contracts

Foreign exchange spot, forward and swap contracts, currency options and cross currency swaps are valued using prevailing market rates with resultant gains and losses included in non-interest income in the consolidated statement of income in the current period.

Interest rate related contracts entered into for the purposes of trading activities are marked to market with the resultant gains and losses being included in non-interest income in the consolidated statement of income in the current period. Where

appropriate, amounts are deferred and amortized over the life of the related contracts to cover administration expenses, while other amounts are deferred to cover credit and market risks.

Gains and losses resulting from contracts transacted to manage risk exposure created by assets, liabilities or transactions which are not valued at current market rates are generally deferred and amortized to interest income or interest expense over the term of the exposure.

Pensions and Other Post-Retirement Benefits
The bank is the sponsor of two major pension plans, the contributory and the non-contributory defined benefit pension plans, under which all eligible employees are entitled to benefits based on length of service and rates of pay.

Based on management's best estimate assumptions, actuarial valuations of the pension obligations are made periodically for accounting purposes using the projected benefit method pro rated on service. The valuations are made by an independent actuary who provides management with advice and assistance in arriving at their best estimate assumptions. Market related values are used to value pension fund assets.

The annual pension expense includes the actuarial costs of pension benefits and the amortization of experience gains and losses. Amortization is carried out on a straight-line basis over the expected average remaining service life of the employee groups covered by the plans.

The bank also provides certain health care and life insurance benefits to eligible pensioners. The costs of such benefits are expensed as incurred.

Net Income per Common Share
Net income per common share is calculated by dividing net income applicable to common shares by the daily average equivalent of fully paid common shares outstanding.

1993 Financial Information
1993 financial information has been re-classified, where necessary, to conform with the presentation adopted in 1994.

2. Securities

$ millions	Years to maturity						1994	1993
	Within 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	No specific maturity	Total	Total
Securities held for investment								
Securities issued or guaranteed by Canadian governments								
Canada	$ 7,552	$ 891	$187	$ 65	$ 47	$ —	$ 8,742	$ 8,693
Provinces and municipalities	369	202	476	52	2	—	1,101	394
Securities issued or guaranteed by foreign governments								
U.S. governments	923	563	—	—	—	—	1,486	1,145
Other foreign governments	78	100	42	25	81	—	326	521
Corporate securities								
Debt of Canadian issuers	131	93	18	50	1	110	403	339
Debt of foreign issuers	1,242	379	65	2	—	11	1,699	1,380
Equities of Canadian issuers	230	123	81	21	—	739	1,194	1,290
Equities of foreign issuers	15	26	—	—	—	95	136	100
Loan substitute securities[1]	9	379	9	—	—	—	397	648
Equity accounted investments	—	—	—	—	—	251	251	91
	$10,549	$2,756	$878	$215	$131	$1,206	15,735	14,601
Securities held for trading							13,018	9,566
Total securities, at carrying value							$28,753	$24,167
Total securities, at estimated market value[2]							$28,838	$24,345

[1] Loan substitute securities, which consist of small business development bonds, small business bonds, income debentures and certain term preferred shares, are structured as after-tax instruments. The income earned on these securities is not taxable to the bank, however, the rate of interest or dividend received by the bank is significantly lower than would apply to a loan of the same amount.
[2] Non-marketable securities with no readily ascertainable market values are reflected at cost, less write-downs for permanent impairment.

Income from Securities

$ millions	1994	1993
Income from securities held for investment		
Interest and dividends	$ 847	$ 898
Net gains on disposals of securities	71	72
Adjustments for declines in value	(34)	(86)
Equity accounted investments	32	19
	916	903
Income from securities held for trading	498	387
Total income from securities	$1,414	$1,290

3. Loans and Allowance for Credit Losses

The analysis of loans is net of unearned income.

$ millions			1994			1993
	Gross amount	Allowance	Net total	Gross amount	Allowance	Net total
Loans						
Residential mortgages	$ 32,248	$ 23	$32,225[1]	$30,746	$ 26	$30,720[1]
Personal and credit card loans	16,953	146	16,807[2]	14,802	152	14,650[2]
Securities purchased under resale agreements	5,268	—	5,268	4,813	—	4,813
Other business and government loans	47,031	1,393[3]	45,638	48,840	1,842[3]	46,998
Total loans	$101,500	$1,562	$99,938	$99,201	$2,020	$97,181
Canadian currency			$71,455			$68,584
Foreign currencies			$28,483			$28,597
Of which, Non-performing loans are:						
Residential mortgages	$ 227	$ 23	$ 204	$ 414	$ 26	$ 388
Personal and credit card loans	248	146	102	263	152	111
Business and government loans	2,614	1,377[3]	1,237	3,819	1,842[3]	1,977
Total non-performing loans	3,089	1,546	1,543	4,496	2,020	2,476
Non-performing loan substitute securities	29	29	—	29	29	—
Total non-performing loans and loan substitute securities	$ 3,118	$1,575[4]	$ 1,543	$ 4,525	$2,049	$ 2,476
Canadian currency			$ 725			$ 1,081
Foreign currencies			$ 818			$ 1,395

[1] The net total of residential mortgage loans includes mortgages to directors, officers and employees of $996 million (1993: $930 million).
[2] The net total of personal and credit card loans includes loans to directors, officers and employees of $333 million (1993: $337 million) and credit card loans of $3,614 million (1993: $2,901 million).
[3] The allowance relating to business and government loans includes the sectoral allowance of $250 million (1993: $250 million).
[4] An additional $98 million of the allowance for credit losses relates to other LDC exposure, of which $16 million relates to performing loans.

As at October 31, 1994, other past due loans totalled $51 million (1993: $138 million) of which $24 million (1993: $15 million) is in Canada and $27 million (1993: $123 million) is outside Canada. Other past due loans, other than credit card loans, are loans where repayment of principal or payment of interest is contractually in arrears between 90 and 180 days. These loans have not been classified as non-accrual loans because they are both well-secured and in the process of collection. When the arrears reach 180 days, the loans (including credit card) become non-accrual notwithstanding the security held.

Allowance for Credit Losses

The allowance for credit losses analysed below relates to loans and loan substitute securities.

$ millions				1994	1993
	Sectoral[1]	Specific	General country risk	Total	Total
Balance at beginning of year	$250	$1,659	$140	$2,049	$1,659
Write-offs	—	(1,375)	(20)	(1,395)	(699)
Recoveries	—	62	—	62	133
Provision for credit losses charged to the statements of income	—	880	—	880	920
Foreign exchange and other adjustments	—	75	2	77	36
Balance at end of year	$250	$1,301	$122	$1,673	$2,049

[1] The sectoral allowance is allocated to the bank's North American real estate portfolio.

4. Land, Buildings and Equipment

$ millions			1994	1993
	Cost	Accumulated depreciation	Net book value	Net book value
Land	$ 194	$ —	$ 194	$ 228
Buildings	1,128	299	829	828
Computer, office furniture and other equipment	1,552	802	750	663
Leasehold improvements	383	161	222	232
	$3,257	$1,262	$1,995	$1,951

Depreciation and amortization in respect of buildings, equipment and leasehold improvements for the year amounted to $234 million (1993: $218 million).

5. Other Assets

$ millions	1994	1993
Market revaluations of off balance sheet items	$ 759	$ 783
Cumulative excess of pension fund contributions over the amounts recorded as expense	239	218
Other prepayments and deferred items	379	307
Brokers' client accounts	254	137
Goodwill	151	129
Deferred income taxes *(Note 11)*	—	50
Other, including accounts receivable	859	640
	$2,641	$2,264

6. Deposits

$ millions				1994	1993
	Payable on demand[1]	Payable after notice[2]	Payable on a fixed date[3]	Total	Total
Individuals	$1,695	$19,637	$37,708	$ 59,040	$ 57,265
Businesses and governments	7,378	4,480	24,355	36,213	34,357
Banks	422	71	19,716	20,209	19,283
	$9,495	$24,188	$81,779	$115,462[4]	$110,905[4]
Canadian currency	$7,505	$23,155	$46,480	$ 77,140	$ 74,040
Foreign currencies	$1,990	$ 1,033	$35,299	$ 38,322	$ 36,865

[1] Deposits payable on demand include all deposits where the bank does not have the right to require notice of withdrawal. These deposits are, in general, chequing accounts.
[2] Deposits payable after notice include all deposits where the bank can legally require notice of withdrawal. These deposits are, in general, savings accounts.
[3] Deposits payable on a fixed date include all deposits which mature on a specified date. These deposits are usually term deposits, guaranteed investment certificates and similar instruments with terms generally ranging from 1 day to 6 years.
[4] Total deposits include non-interest-bearing deposits in domestic offices of $5,101 million (1993: $4,438 million), interest-bearing deposits in domestic offices of $69,621 million (1993: $67,179 million), non-interest-bearing deposits in foreign offices of $509 million (1993: $420 million), interest-bearing deposits in foreign offices of $40,219 million (1993: $38,657 million), and federal funds purchased of $12 million (1993: $211 million).

7. Other Liabilities

$ millions	1994	1993
Cheques and other items in transit, net	$1,116	$ 107
Gold and silver certificates	688	985
Deferred items	670	411
Brokers' client accounts	381	465
Deferred income taxes *(Note 11)*	76	—
Other, including accounts payable and accruals	1,309	1,164
	$4,240	$3,132

8. Debentures

Debentures, denominated in Canadian and foreign currencies, are unsecured and subordinated to deposits and other liabilities. The bank enters into hedging transactions to eliminate foreign exchange risk on the debentures.

$ millions	1994			1993	
	Principal outstanding by earliest redemption[1]	Principal outstanding by years to maturity	Weighted average interest rate[2]	Principal outstanding by years to maturity	Weighted average interest rate[2]
1 – 3 years	$1,425[3]	$ 6[3]	9.6%	$ 6	9.6%
4 – 5 years	1,446	495	7.5%	313	6.7%
6 – 8 years	300	897	8.2%	804	8.8%
9 – 11 years	120	799	7.8%	654	8.5%
12 – 24 years	—	150	11.8%	150	11.8%
25 – 40 years	150	350	11.3%	350	11.3%
Over 40 years	—	744	floating[4]	726	floating[4]
	$3,441	$3,441		$3,003	
Canadian currency		$1,412		$1,162	
Foreign currencies		$2,029		$1,841	

[1] Earliest redemption is determined as the number of years to the earliest date redeemable by the bank.
[2] Interest rates applicable to certain issues will change subsequent to the earliest date redeemable by the bank. The impact of these changes is immaterial.
[3] Included in this amount is debenture principal of $925 million which may be redeemed immediately at the option of the bank and of $2 million which will mature in 1995.
[4] Interest rate is based on the average London Inter-Bank Offered Rate.

9. Share Capital

Authorized:

Preferred Shares

An unlimited number of Class A Preferred Shares and Class B Preferred Shares without par value issuable for an aggregate consideration not exceeding $5,000 million for each class.

Common Shares

An unlimited number of Common Shares without par value issuable for an aggregate consideration not exceeding $10,000 million.

Issued and fully paid:	Shares		Amount	
$ millions	1994	1993	1994	1993
Class A Preferred Shares				
Series 4: Outstanding	1,500,000	1,500,000	$ 150	$ 150
Series 5: Outstanding	6,000,000	6,000,000	150	150
Series 6: See *Share rights and privileges*	—	8,000,000	—	200
Series 7: Outstanding	500	500	50	50
Series 8: Outstanding	8,000,000	8,000,000	200	200
Series 9: Outstanding	10,000,000	10,000,000	250	250
Series 10: Outstanding	10,000,000	10,000,000	338	330
Series 11: Outstanding	6,000,000	6,000,000	150	150
Series 12: Issued for cash in 1993	6,000,000	6,000,000	203	198
Series 13: Issued for cash in 1993	8,000,000	8,000,000	200	200
Total preferred share capital at end of year			1,691	1,878
Common Shares				
Total common share capital at beginning of year	210,211,208	188,688,045	3,016	2,433
Issued pursuant to the Shareholder Investment Plan	4,955,982	5,197,552	148	142
Issued on acquisition of shares of a new investee	1,105,533[1]	1,289,911[2]	36	33
Issued pursuant to an Employee Stock Option Plan	375	—	—	—
New issue of common shares for cash in 1993	—	15,000,000	—	407
Issued on acquisition of additional shares of a subsidiary	—	35,700	—	1
Total common share capital at end of year	216,273,098	210,211,208	3,200	3,016
Total share capital			$4,891	$4,894

[1] These common shares were issued as part of the bank's investment in T.A.L. Investment Counsel Ltd., an affiliate of the bank.
[2] These common shares were issued on acquisition of Comcheq Services Ltd., a subsidiary of the bank.

9. SHARE CAPITAL *(continued)*

Share rights and privileges:

Price Adjusted Floating Rate Class A Preferred Shares Series 4
These shares bear monthly cumulative dividends, at a rate that floats in relation to the bank's prime interest rate adjusted upwards or downwards on a monthly basis whenever the calculated trading price of the shares is less than $99.75 or more than $100.25, respectively. They are redeemable by the bank at a price of $100.00 per share. The bank has instituted a program to repurchase up to $50 million of this series of shares.

Floating Rate Class A Preferred Shares Series 5
These shares bear quarterly cumulative dividends, at a rate based on 69% of the bank's average prime interest rate. They are redeemable by the bank at a price of $25.00 per share. The bank has instituted a program to repurchase up to $50 million of this series of shares.

Class A Preferred Shares Series 6
On October 6, 1994, the bank provided notice of redemption for cash of all outstanding Series 6 Preferred Shares on December 1, 1994, at $26.75 per share plus accrued and unpaid dividends. On October 31, 1994, CIBC had on deposit with a trustee sufficient cash to redeem these shares in accordance with the conditions attached to the shares. With regulatory approval, these shares have been accepted as having been redeemed at October 31, 1994 and, accordingly, have been removed from the balance sheet. These shares bore quarterly non-cumulative dividends, at a rate equal to the greater of (i) $0.5625 per share, and (ii) 70% of the dividend paid on the Common Shares of the bank for the quarter.

Class A Preferred Shares Series 7
These shares bear monthly non-cumulative dividends, at a rate based on 72% of the one month bankers' acceptance rate. They are redeemable by the bank commencing December 31, 1994 at a price of $100,000 per share or by conversion of the shares to be redeemed into Common Shares based on 95% of the average trading price of such Common Shares. After December 31, 1996, each share will be convertible at the option of the holder into Common Shares based on 95% of the average trading price of such Common Shares. The bank may opt to redeem for cash or to ensure sale for cash to another purchaser shares so tendered for conversion.

Class A Preferred Shares Series 8
These shares bear quarterly non-cumulative dividends, at a rate equal to the greater of (i) $0.5550 per share, and (ii) 70% of the dividend paid on the Common Shares of the bank for the quarter. They are redeemable by the bank at a price of $26.75 per share in the 12 month period commencing February 20, 1995 reducing thereafter by $0.25 annually to $25.75 for the 12 months commencing February 20, 1999 and to $25.00 on February 20, 2000 and thereafter. Alternatively, redemption may be satisfied, at the bank's option, by conversion of the shares to be redeemed into Common Shares based on 95% of the average trading price of such Common Shares.

Class A Preferred Shares Series 9
These shares bear quarterly non-cumulative dividends, at a rate of $0.56875 per share. They are redeemable by the bank at a price of $26.00 per share if redeemed in the 12 month period commencing April 30, 1998, $25.50 if redeemed during the 12 month period commencing April 30, 1999 and $25.00 on April 30, 2000 and thereafter. On or after April 30, 1998, each share will be convertible at the option of the bank into Common Shares based on 95% of the average trading price of such Common Shares. On or after April 30, 2001, each share will be convertible at the option of the holder into Common Shares based on 95% of the average trading price of such Common Shares. The bank may opt to redeem for cash or to ensure sale for cash to another purchaser shares so tendered for conversion.

Class A Preferred Shares Series 10
These shares, denominated in U.S. dollars, bear quarterly non-cumulative dividends, at a rate equal to the greater of (i) U.S.$0.47500 per share, and (ii) 61% of the dividend paid on the Common Shares of the bank for the quarter (disregarding exchange rate differences). They are redeemable by the bank at a price of U.S.$26.75 per share in the 12 month period commencing December 1, 1996 reducing thereafter by U.S.$0.25 annually to U.S.$25.75 for the 12 months commencing December 1, 2000, and to U.S.$25.00 on December 1, 2001 and thereafter. Alternatively, redemption may be satisfied, at the bank's option, by conversion of the shares to be redeemed into Common Shares based on 95% of the average trading price of such Common Shares.

Class A Preferred Shares Series 11
These shares bear quarterly non-cumulative dividends, at a rate equal to the greater of (i) $0.55313 per share, and (ii) 70% of the dividend paid on the Common Shares of the bank for the quarter. They are redeemable by the bank at a price of $26.75 per share in the 12 month period commencing December 1, 1996 reducing thereafter by $0.25 annually to $25.75 for the 12 months commencing December 1, 2000, and to $25.00 on December 1, 2001 and thereafter. Alternatively, redemption may be satisfied, at the bank's option, by conversion of the shares to be redeemed into Common Shares based on 95% of the average trading price of such Common Shares.

Class A Preferred Shares Series 12
These shares, denominated in U.S. dollars, bear quarterly non-cumulative dividends, at a rate of U.S.$0.40625 per share. They are redeemable by the bank at a price of U.S.$26.00 per share if redeemed in the 12 month period commencing October 31, 2000, U.S.$25.50 if redeemed during the 12 month period commencing October 31, 2001 and U.S.$25.00 on October 31, 2002 and thereafter. On or after October 31, 2000, each share will be convertible at the option of the bank into Common Shares based on 95% of the average trading price of such Common Shares. On or after July 31, 2003, each share will be convertible at the option of the holder into Common Shares based on 95% of the average trading price of such Common Shares. The bank may opt to redeem for cash or to ensure sale for cash to another purchaser shares so tendered for conversion.

Class A Preferred Shares Series 13
These shares bear quarterly non-cumulative dividends, at a rate of $0.43750 per share. They are redeemable by the bank at a price of $26.00 per share if redeemed in the 12 month period commencing October 31, 2000, $25.50 if redeemed during the 12 month period commencing October 31, 2001 and $25.00 on October 31, 2002 and thereafter. On or after October 31, 2000, each share will be convertible at the option of the bank into Common Shares based on 95% of the average trading price of such Common Shares. On or after July 31, 2003, each share will be convertible at the option of the holder into Common Shares based on 95% of the average trading price of such Common Shares. The bank may opt to redeem for cash or to ensure sale for cash to another purchaser shares so tendered for conversion.

9. Share Capital *(continued)*

Shareholder Investment Plan:

Under the Shareholder Investment Plan, eligible shareholders have the right to participate in one or more of the following options: the Dividend Reinvestment Option, the Share Purchase Option or the Stock Dividend Option. The details of these options are discussed in the Shareholder and Investor Information section on page 81.

Employee Stock Option Plan:

The bank has established an Employee Stock Option Plan. Periodically, under this plan, stock options will be granted to designated employees. In 1994, 1,339,000 (1993: 1,342,000) options were granted at an exercise price of $35.625 (1993: $30.75). These options expire within 10 years from the grant date. As at October 31, 1994, 375 of the options granted in 1993 had been exercised.

Shares reserved for issue:

2,185,672 Common Shares have been reserved for issue pursuant to the Shareholder Investment Plan and 4,999,625 Common Shares have been reserved for issue pursuant to an Employee Stock Option Plan.

Dividends:

Dividends declared during the year were as follows:

		Total ($ millions) 1994	1993	Per share (dollars) 1994	1993
Class A Preferred Shares	– Series 4	$ 7	$ 7	$ 4.58	$ 4.58
	– Series 5	6	7	$ 1.11	$ 1.13
	– Series 6	19	18	$ 2.43	$ 2.25
	– Series 7	2	2	$3,507	$4,034
	– Series 8	18	18	$ 2.22	$ 2.22
	– Series 9	23	23	$ 2.28	$ 2.28
	– Series 10	26	24	US$ 1.90	US$ 1.90
	– Series 11	13	13	$ 2.21	$ 2.21
	– Series 12	13	9	US$ 1.63	US$ 1.16
	– Series 13	14	10	$ 1.75	$ 1.25
		141	131		
Common Shares		281	263	$ 1.32	$ 1.32
		$422	$394		

The bank is prohibited by the Bank Act (Canada) from declaring any dividends on its preferred or common shares when the bank is, or would be placed by such dividend, in contravention of the capital adequacy and liquidity regulations or any regulatory directives issued under the Act. In addition, the ability to pay common share dividends is restricted by the terms of the outstanding preferred shares whereby the bank may not pay dividends on its common shares at any time unless all dividends to which preferred shareholders are then entitled have been declared and paid or set apart for payment.

10. Post-retirement Benefits

The following table presents the estimated financial positions of the bank's principal pension plans as at October 31, 1994 and 1993. The 1994 estimates are based on actuarial valuations as at October 31, 1993; the 1993 estimates are based on actuarial valuations as at October 31, 1992.

$ millions	1994	1993
Market value of pension fund assets	$1,582	$1,471
Present value of accrued pension benefits	1,372	1,280
Surplus	$ 210	$ 191
Total pension expense	$ 31	$ 19

No surplus assets have been withdrawn from the pension funds by the bank during the year.
Post-retirement life insurance and health and dental care benefits expense was $5 million in 1994 (1993: $4 million).

11. Income Taxes

Income taxes are reported in the applicable consolidated financial statements as follows:

$ millions	1994	1993
Consolidated statements of income		
Income taxes	$550	$435
Consolidated statements of changes in shareholders' equity		
Foreign currency translation adjustment	(12)	(24)
Share issue expenses	—	(10)
Tax on preferred share dividends	1	1
	$539	$402
Current income taxes	$414	$295
Deferred income taxes	125	107
	$539	$402

Accumulated deferred income taxes are included in other liabilities *(see Note 7)* (1993: other assets *(see Note 5)*).

The combined Canadian federal and provincial income tax rate varies each year according to changes in the statutory rates imposed by each of these jurisdictions and according to changes in the proportion of the bank's business carried on in each province. The effective rates of income tax in the consolidated statements of income are different from the combined Canadian federal and provincial income tax rate of 42.6% (1993: 43.2%) for the following reasons:

Income taxes

$ millions	1994	1993
Combined Canadian federal and provincial income tax rate applied to income before income taxes	$626	$512
Income taxes adjusted for the impact of		
Tax-exempt interest and dividends	(58)	(52)
Federal large corporations tax	14	14
Earnings of international subsidiaries	(42)	(42)
Earnings of domestic subsidiaries	12	(2)
Other	(2)	5
Income taxes in the consolidated statements of income	$550	$435

12. Related Party Transactions

In the ordinary course of business, the parent bank provides normal banking services to its subsidiaries and affiliated companies on terms similar to those offered to non-related parties.

13. Commitments and Contingent Liabilities

Long-Term Commitments for Leases

The bank has obligations under long-term non-cancellable leases for buildings and equipment. Future minimum lease payments for such commitments for each of the five succeeding years and thereafter are as follows:

$ millions	
1995	$ 174
1996	149
1997	130
1998	117
1999	108
2000 and thereafter	1,063

Total rental expense in respect of buildings and equipment charged to the consolidated statement of income for the year was $287 million (1993: $288 million).

Other Commitments and Contingent Liabilities

As at October 31, 1994, the aggregate amount of securities borrowings, securities repurchase agreements and secured call loans and accounts payable included in the consolidated balance sheets amounted to $10,570 million (1993: $7,523 million). Securities with a carrying value of $12,561 million (1993: $8,580 million) were pledged as collateral for these funding transactions. In addition, assets with a carrying value of $973 million (1993: $214 million) were deposited to secure contracts entered into with futures exchanges and in order to participate in clearing and payment systems and depositories or to have access to the facilities of central banks in foreign jurisdictions.

Various actions and legal proceedings arising from the normal course of business are pending against the parent bank and its subsidiaries. Management of the bank considers the aggregate liability, if any, of these actions and proceedings, immaterial.

14. Segmented Information

The bank operates in one industry – the financial services industry. The information presented below is compiled for regulatory purposes and reported on a calendar quarterly basis with the exception of the geographic distribution of total revenue which is for the years ended October 31, 1994 and 1993.

Geographic Distribution of Major Assets[1] in all Currencies
by location of ultimate risk

$ millions as at September 30	1994		1993	
Canada	$111,195	72.9%	$102,916	72.1%
United States	21,664	14.2	17,454	12.2
Europe				
United Kingdom	3,229	2.1	5,554	3.9
France	1,006	0.7	910	0.6
Other European countries	2,617	1.7	3,046	2.2
	6,852	4.5	9,510	6.7
Latin America and West Indies	2,110	1.4	1,969	1.4
Asia and Pacific				
Japan	1,524	1.0	1,694	1.2
Hong Kong	1,877	1.2	1,771	1.2
Australia	1,180	0.8	1,214	0.9
Other Asian and Pacific countries	673	0.5	857	0.6
	5,254	3.5	5,536	3.9
Middle East and Africa	43	—	59	—
Sectoral allowance	(250)	(0.2)	(250)	(0.2)
General country risk allowance	(122)	(0.1)	(140)	(0.1)
Major assets	146,746	96.2	137,054	96.0
Other assets	5,831	3.8	5,726	4.0
Total assets as at September 30	$152,577	100.0%	$142,780	100.0%
Total assets as at September 30	$152,577		$142,780	
Net change in October	(1,544)		(1,481)	
Total assets as at October 31	$151,033		$141,299	
Canadian currency	$106,144	70.3%	$100,172	70.9%
Foreign currencies	$ 44,889	29.7%	$ 41,127	29.1%

[1] Major assets consist of loans, securities, deposits with other banks, customers' liability under acceptances and cash, after deduction of specific allowances for credit losses.

Geographic Distribution of Total Revenue

$ millions	1994 Interest income	1994 Non-interest income	1994 Total	1993 Interest income	1993 Non-interest income	1993 Total
Canada	$6,783	$1,764	$ 8,547	$6,754	$1,578	$ 8,332
United States	1,109	195	1,304	872	177	1,049
Other countries	1,114	249	1,363	1,352	111	1,463
Total	$9,006	$2,208	$11,214	$8,978	$1,866	$10,844

15. Off Balance Sheet Items

In the normal course of business, the bank enters into various credit related arrangements and derivative contracts to meet the needs of our customers, earn trading income and manage the bank's exposures to market risk. Each type of arrangement or contract will limit, or give rise to varying degrees and types of risk including credit risk and market risk. All off balance sheet activities are conducted within the limits set by the Asset Liability Management Committee.

The contract and notional amounts shown in the tables are not recorded as assets or liabilities on the balance sheet. Off balance sheet treatment is normally considered to be appropriate either where exchange of the underlying asset or liability has not occurred nor is assured, or where notional amounts are used solely to determine cash flows to be exchanged.

Credit Related Arrangements

The contract amounts shown for credit related arrangements represent the maximum amount of additional credit that the bank could be obligated to extend. The bank's policy of requiring collateral or other security to support credit related arrangements and the types of security held is generally the same as for loans. The contract amounts for these arrangements also represent the credit risk amounts should the contracts be fully drawn down, the counterparties default and any collateral held prove to be of no value. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts are not necessarily indicative of future cash requirements or credit risk.

	Contract Amount	
$ millions	1994	1993
Lines of credit[(1)(2)]	$75,782	$77,609
Direct credit substitutes[(3)]	9,487	13,299
Transaction-related contingencies	2,818	2,464
Documentary letters of credit	618	501
Note issuance and revolving underwriting facilities	190	234
Other[(4)]	996	427
	$89,891	$94,534

(1) Includes irrevocable lines of credit totalling $47,398 million (1993: $42,489 million) of which $22,606 million (1993: $19,154 million) will expire in one year or less
(2) Excludes lines of credit for credit cards as the lines are short-term in nature and are revocable at the bank's discretion
(3) Includes guarantees and letters of credit issued on behalf of corporations in which the bank owns 10 to 50 per cent of the voting shares, amounting to $nil (1993: $24 million)
(4) Includes forward asset purchases and forward deposits

Lines of credit are undrawn lending facilities that have been approved by the bank to meet the business requirements of customers. The majority of such commitments are of a general nature with annual review provisions and/or various conditions for drawdown. A limited number provide for drawdown over an extended period of time; these commitments are considered binding arrangements. In practice, many of these commitments will remain undrawn. The credit risk associated with undrawn lending facilities arises from the possibility that a commitment may be drawn down as a loan. Therefore, a lending commitment is subject to the same credit review process as a loan. The amount of collateral obtained, if deemed necessary by CIBC, is based on management's credit evaluation of the borrower and may include a charge over present and future assets of the borrower.

Direct credit substitutes include guarantees or equivalent instruments, such as standby letters of credit, which back financial obligations of the customer. Guarantees and standby letters of credit are undertakings given by the bank on behalf of a customer, subject to certain conditions. Provided the conditions are satisfied, the bank guarantees payment if the customer is unable to meet the obligation as specified. In most instances, customers meet their obligations and the bank is only at risk when a customer defaults on payment. Also included as direct credit substitutes are securities lent against collateral amounting to $2,501 million and $7,458 million as at October 31, 1994 and 1993 respectively. The credit risk associated with direct credit substitutes is essentially the same as that involved in extending loan commitments to customers. The amount of collateral obtained, if deemed necessary by CIBC, is based on management's credit evaluation of the borrower and may include a charge over present and future assets of the borrower.

Transaction-related contingencies are guarantees which back particular performance obligations rather than customers' financial obligations. Examples of transaction related contingencies are performance bonds, warranties and indemnities.

Documentary letters of credit are short-term instruments used to facilitate international trade typically on behalf of an importer, and allow a third party such as an exporter, to draw drafts on the bank up to a specified amount, subject to specific terms and conditions. These instruments effectively guarantee that the third party receives payment and the bank is at risk for any drafts drawn that are not ultimately settled by the customer. These amounts are collateralized by the underlying shipments of goods to which they relate.

Note issuance and revolving underwriting facilities are financial arrangements to allow customers to issue short-term notes, typically of three to six months' maturity up to a prescribed limit, over an extended period of time. If the notes cannot be sold at a pre-determined price, the bank may buy them or guarantee the extension of credit. The bank's obligation is called upon only if the notes remain unsold. The risk associated with note issuance and revolving underwriting facilities is similar to that involved in extending loan commitments to customers.

Derivative Contracts

The notional amounts of derivative contracts represent the volume of outstanding transactions and do not represent the market risk or the credit risk of such transactions.

The market risk of derivatives arises principally from the potential for changes in value due to fluctuations in interest and foreign exchange rates.

Credit risk associated with derivatives arises from the potential for a counterparty to default on its contractual obligations. Derivative contracts expose CIBC to credit loss only if changes in market rates affect a customer's position unfavourably and the customer defaults. The amount exposed to credit risk as at October 31, 1994 is represented by the

estimated cost of replacement of all contracts in which the bank has an unrealized gain (i.e., the current replacement cost as shown in the table below). The current replacement cost does not reflect the potential credit exposure resulting from possible future changes in market prices. For futures and exchange traded options, exposure to credit risk is limited as these transactions are standardized contracts executed on established exchanges and are subject to daily settlement of variation margins. Written options also have no credit risk as the counterparty has already performed in accordance with the terms of the contract through an up front payment. CIBC attempts to limit credit risk by dealing with counterparties that are creditworthy. In response to the growing concentration of credit exposure in the derivative business, the bank actively pursues opportunites to reduce uncertainty and minimize credit exposure related to derivative transactions. These opportunities include expanding the use of multi-product master netting arrangements and utilizing collateral and other credit mitigation techniques. The credit risk amounts are presented without giving effect to any possible reduction due to master netting arrangements or collateral held.

CIBC's derivative activities are client driven as well as undertaken for the bank's own account in conducting proprietary trading activities. In addition, CIBC utilizes interest rate and foreign exchange derivative financial instruments as part of the bank's asset liability management program.

A significant proportion of our derivative trading activity is client driven and results from transactions undertaken to meet their risk management needs. This client driven activity, combined with our proprietary trading activity, amounted to approximately 94% of the notional amount of our outstanding contracts as at October 31, 1994, as more specifically described in the table below.

CIBC uses derivatives, primarily swaps, to adjust the bank's asset liability risk profile. As at October 31, 1994, the notional principal of interest rate and foreign exchange related derivative contracts utilized for asset liability management purposes amounted to $47,592 million, as more specifically described in the table below.

	Notional Amount				Current Replacement Cost	
	1994			1993	1994	1993
$ millions	Trading[1]	ALM[2]	Total	Total	Total	Total
Interest rate products:						
Forward rate agreements	$192,593	$ —	$192,593	$147,263	$ 98	$ 240
Futures contracts	37,470	1,150	38,620	56,740	—	—
Swap contracts	133,532	38,397	171,929	117,539	2,599	4,017
Purchased options	53,416	2,162	55,578	28,234	162	324
Written options	51,170	—	51,170	23,408	—	—
Foreign exchange products:						
Foreign exchange contracts[3]	220,316	3,448	223,764	181,589	2,566	2,138
Futures contracts	195	—	195	225	—	—
Swap contracts	28,321	2,435	30,756	32,261	1,663	1,478
Purchased options	14,235	—	14,235	3,635	26	49
Written options	15,097	—	15,097	3,698	—	—
Other[4]	11,289	—	11,289	3,180	720	83
	$757,634	$47,592	$805,226	$597,772	$7,834	$8,329

[1] Trading includes client driven activities as well as transactions undertaken for the bank's own account.
[2] ALM: Asset Liability Management.
[3] Includes spot contracts of $33,890 million (1993: $29,292 million).
[4] Includes primarily equity futures, swaps and options; precious metal and other commodity forwards, futures, swaps and options.

Forward rate agreements are contracts that effectively fix a future interest rate. The agreement provides that, at a predetermined future date, a cash settlement will be made between the parties for the difference between the contracted rate and a specified current market rate, based on an agreed notional principal amount. No exchange of principal amount takes place.

Interest rate and foreign currency futures are standardized contractual obligations with a specified financial exchange to make or take delivery of specified quantities of a foreign currency or a financial instrument on specified future dates, at a price established on the exchange. These contracts differ from forward contracts in that they are in standard amounts with standard delivery dates and are transacted on an established exchange. They are used to service customer needs and for the bank's own account and are managed in a similar manner to forward contracts. The credit risk associated with futures contracts is considered nominal as all exposures with the exchanges must be collateralized.

Interest rate swaps are financial transactions in which two counterparties exchange interest rate flows over a period of time on a notional principal amount. The bank enters into such transactions for purposes of trading and for its own account to manage interest rate exposures.

Interest rate and foreign currency options are contracts in which the right, but not the obligation, is acquired by the option purchaser from the option writer either to buy or sell on a specified future date or within a specified time, a stipulated amount of a foreign currency or a financial instrument at a stated price. A buyer of options is subject to credit risk by relying on the counterparty to perform. A writer of options is subject only to market risk.

Foreign exchange spot, forward and swap contracts are transactions in which a foreign currency is purchased or sold for delivery currently, in the case of a spot contract, or at a specified future date or within a range of future dates, for a forward contract. Swap contracts are transactions in which a foreign currency is simultaneously purchased in the spot market and sold in the forward market, or vice versa. The rate of exchange on all foreign exchange contracts is established at the outset. These contracts are undertaken to satisfy customers' requirements and for the bank's own account to protect against currency fluctuations and to earn income by trading in foreign currencies.

Cross currency swaps are transactions in which counterparties exchange principal and interest rate flows in different currencies over a period of time. These contracts are used to manage both currency and interest rate exposures.

as at October 31, 1994
(annexed in accordance with Section 308(3) of the Bank Act)

Name	Address of head or principal office[1]	Book value[2] of shares owned by the bank and by other subsidiaries of the bank *$ millions*	Percentage of the voting rights attached to voting shares owned by the bank and by other subsidiaries of the bank
In Canada			
CIBC Asset Trading Inc.	Toronto, Canada	note (3)	100.0
CIBC Mortgage Corporation	Toronto, Canada	$353	100.0
CIBC Securities Inc.	Toronto, Canada	note (3)	100.0
CIBC Holdings Corporation Holding company for: The CIBC Wood Gundy Corporation (79.4%) Wood Gundy Inc. CIBC Insurance Management Company Limited CIBC Life Insurance Company Limited CIBC General Group Insurance Company Limited CIBC General Insurance Company Limited The Personal Insurance Company of Canada	Toronto, Canada	$358	100.0
The Dominion Realty Company Limited[4] Holding company for: CIBC Development Corporation	Toronto, Canada	$ 75	100.0
167947 Canada Inc.[4] Holding company for: CIBC Trust Corporation	Toronto, Canada	$ 47	100.0
Comcheq Services Limited	Winnipeg, Canada	$ 48	100.0
CIBC Wood Gundy Capital (SFC) Inc. Holding company for: Tillsmith Systems Inc.	Toronto, Canada	$ 9	100.0
CIBC Equipment Finance Limited	Toronto, Canada	note(3)	75.0
CIBC Finance Inc.	Toronto, Canada	note (3)	90.0
Outside Canada			
Canadian Imperial Bank of Commerce (Suisse) S.A.	Geneva, Switzerland	$ 43	100.0
Canadian Imperial Holdings Inc. Holding company for: Canadian Imperial Bank of Commerce (New York) CIBC Inc. CIBC Capital Corporation CIBC Leasing Inc.	Wilmington, U.S.A.	$497	100.0
C.H.O. Holdings Limited	St. Michael, Barbados	$ 32	100.0
CIBC Asia Limited[4]	Singapore	$145	100.0

Name	Address of head or principal office[1]	Book value[2] of shares owned by the bank and by other subsidiaries of the bank *$ millions*	Percentage of the voting rights attached to voting shares owned by the bank and by other subsidiaries of the bank
CIBC Australia Holdings Limited Holding company for: CIBC Australia Limited CIBC Australia Securities Limited CIBC New Zealand Securities Limited Martin Corporation Services Pty. Limited	Sydney, Australia	$600	100.0
CIBC Finanz AG	Zurich, Switzerland	$ 3	100.0
CIBC Finanziaria S.p.A.	Milan, Italy	$ 9	100.0
CIBC Euroleasing S.p.A.	Milan, Italy	note(3)	100.0
CIBC Holdings (Cayman) Limited Holding company for: Canadian Imperial Bank of Commerce Trust Company (Bahamas) Limited Canadian Imperial Fund Managers (Cayman) Limited CIBC Bank and Trust Company (Cayman) Limited CIBC (Hong Kong) Limited CIBC Serviços Ltda. CIBC Bank and Trust Company (Channel Islands) Limited CIBC Management Services (Guernsey) Limited CIBC Fund Managers (Guernsey) Limited	Grand Cayman, Cayman Islands	$ 35	100.0
CIBC Holdings GmbH Holding company for: CIBC Verwaltungs AG	Frankfurt, Germany	$ 4	100.0
CIBC Insurance (Barbados) Limited	Bridgetown, Barbados	$ 3	100.0
CIBC (U.K.) Holdings Limited Holding company for: CIBC Finance plc CIBC Leasing U.K. (No. 8) Limited CIBC International Trust Limited	London, England	$111	100.0
CIBC Bank plc	London, England	$ 15	100.0
CIBC West Indies Holdings Limited Holding company for: CIBC Caribbean Limited CIBC Trust and Merchant Bank (Barbados) Limited CIBC Jamaica Limited (55.2%) CIBC Trust and Merchant Bank Jamaica Limited	Bridgetown, Barbados	$ 38	59.3

[1] The subsidiaries are incorporated under the laws of the country in which the head or principal office is located.
[2] Book value of shares of subsidiaries is shown at cost.
[3] The book value of shares owned by the bank and other subsidiaries of the bank in each of these corporations is less than one million dollars.
[4] These subsidiaries have outstanding non-voting shares which are directly or indirectly owned 100% by the bank.

Condensed Consolidated Statements of Income

$ millions				1994				1993
For the quarter	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income (taxable equivalent basis)	$2,491	$2,390	$2,126	$2,104	$2,173	$2,231	$2,221	$2,443
Interest expense	1,399	1,367	1,108	1,130	1,184	1,243	1,292	1,514
Net interest income (taxable equivalent basis)	1,092	1,023	1,018	974	989	988	929	929
Deduct taxable equivalent adjustment	22	27	36	20	23	25	21	21
Net interest income (consolidated statement of income basis)	1,070	996	982	954	966	963	908	908
Provision for credit losses	220	220	220	220	240	240	220	220
	850	776	762	734	726	723	688	688
Non-interest income	572	523	548	565	511	470	486	399
	1,422	1,299	1,310	1,299	1,237	1,193	1,174	1,087
Non-interest expenses	1,024	943	956	940	933	889	877	808
Net income before income taxes	398	356	354	359	304	304	297	279
Income taxes	155	128	131	136	108	107	112	108
	243	228	223	223	196	197	185	171
Non-controlling interests	7	5	6	9	5	7	5	2
Net income	$ 236	$ 223	$ 217	$ 214	$ 191	$ 190	$ 180	$ 169
Dividends on preferred shares	$ 36	$ 36	$ 35	$ 34	$ 35	$ 34	$ 33	$ 29
Net income applicable to common shares	200	187	182	180	156	156	147	140
	$ 236	$ 223	$ 217	$ 214	$ 191	$ 190	$ 180	$ 169

Condensed Consolidated Balance Sheets

$ millions				1994				1993
At end of quarter	Oct. 31	Jul. 31	Apr. 30	Jan. 31	Oct. 31	Jul. 31	Apr. 30	Jan. 31
Assets								
Cash resources	$ 9,436	$ 9,612	$ 8,270	$ 7,600	$ 7,880	$ 7,906	$ 7,658	$ 8,256
Securities	28,753	28,558	28,038	26,626	24,167	25,283	21,979	20,170
Loans								
Residential mortgages	32,225	31,642	30,623	31,064	30,720	30,290	29,515	29,104
Personal and credit card loans	16,807	16,013	15,678	15,087	14,650	14,713	14,292	14,116
Business and government loans	50,906	53,516	52,373	52,324	51,811	50,016	53,464	54,983
Customers' liability under acceptances	7,259	7,250	6,471	6,507	7,069	6,976	5,455	4,030
Land, buildings and equipment	1,995	1,999	1,968	1,938	1,951	1,938	1,827	1,796
Other assets	3,652	3,896	3,583	3,241	3,051	3,400	3,673	3,729
	$151,033	$152,486	$147,004	$144,387	$141,299	$140,522	$137,863	$136,184
Liabilities and Shareholders' Equity								
Deposits								
Individuals	$ 59,040	$ 58,404	$ 58,061	$ 57,517	$ 57,265	$ 57,112	$ 56,868	$ 55,119
Businesses and governments	36,213	36,459	35,796	35,327	34,357	34,255	35,190	37,832
Banks	20,209	23,265	22,855	20,648	19,283	20,235	18,210	19,207
Acceptances	7,259	7,250	6,471	6,507	7,069	6,976	5,455	4,030
Other liabilities	16,358	15,104	12,014	13,210	12,306	11,091	11,442	10,298
Non-controlling interests in subsidiaries	78	74	77	59	62	61	57	47
Debentures	3,441	3,443	3,406	3,015	3,003	2,971	2,946	2,862
Shareholders' equity								
Preferred shares	1,691	1,904	1,903	1,882	1,878	1,864	1,858	1,467
Common shares	3,200	3,163	3,125	3,052	3,016	2,980	2,944	2,501
Retained earnings	3,544	3,420	3,296	3,170	3,060	2,977	2,893	2,821
	$151,033	$152,486	$147,004	$144,387	$141,299	$140,522	$137,863	$136,184

Financial Statistics

For the quarter	1994 Q4	1994 Q3	1994 Q2	1994 Q1	1993 Q4	1993 Q3	1993 Q2	1993 Q1
Per common share								
Net income	$ 0.93	$ 0.87	$ 0.86	$ 0.86	$ 0.75	$ 0.75	$ 0.75	$ 0.74
Dividends	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33
Common share price								
– high	33.625	31.375	36.125	36.250	33.375	33.625	29.500	29.625
– low	30.000	28.000	29.000	29.500	29.875	28.750	23.875	23.625
– close	32.000	29.875	29.750	35.875	31.625	32.750	29.375	24.250
Book value at end of quarter[1]	$ 31.18	$ 30.61	$ 30.05	$ 29.45	$ 28.90	$ 28.50	$ 28.09	$ 27.79
$ millions								
Average assets	$152,166	$151,799	$147,288	$144,989	$141,338	$137,506	$135,792	$134,594
Average common shareholders' equity	$ 6,656	$ 6,483	$ 6,309	$ 6,138	$ 5,999	$ 5,890	$ 5,565	$ 5,232
Average number of common shares *(thousands)*	215,109	213,775	211,740	210,273	209,046	207,879	196,769	188,912

[1] Common shareholders' equity divided by the number of common shares issued and outstanding at the end of the quarter.

At end of quarter	1994 Oct. 31	1994 Jul. 31	1994 Apr. 30	1994 Jan. 31	1993 Oct. 31	1993 Jul. 31	1993 Apr. 30	1993 Jan. 31
$ millions								
Non-performing loans (excluding LDCs), net	$1,543	$1,737	$1,978	$2,209	$2,427	$2,650	$2,940	$3,091
Net non-performing loans to total loans and acceptances	1.4%	1.6%	1.9%	2.1%	2.3%	2.6%	2.9%	3.0%
Regulatory Tier 1 capital ratio	7.1%	7.0%	7.0%	7.0%	6.9%	6.9%	6.8%	6.0%
Regulatory total capital ratio	9.9%	9.8%	9.9%	9.7%	9.7%	9.7%	9.7%	8.8%

Quarterly Perspective

per $100 of average assets — For the quarter	1994 Q4	1994 Q3	1994 Q2	1994 Q1	1993 Q4	1993 Q3	1993 Q2	1993 Q1
Net interest income[1]	$2.85	$2.67	$2.83	$2.67	$2.78	$2.85	$2.81	$2.74
Provision for credit losses	(0.57)	(0.58)	(0.61)	(0.60)	(0.67)	(0.69)	(0.66)	(0.65)
Non-interest income	1.49	1.37	1.53	1.54	1.43	1.35	1.46	1.17
Non-interest expenses	(2.67)	(2.46)	(2.66)	(2.57)	(2.62)	(2.56)	(2.65)	(2.38)
Income taxes[1] and non-controlling interests	(0.48)	(0.42)	(0.48)	(0.45)	(0.38)	(0.40)	(0.42)	(0.38)
Net income – return on assets	$0.62	$0.58	$0.61	$0.59	$0.54	$0.55	$0.54	$0.50
Return on common equity[2]	11.9%	11.5%	11.9%	11.6%	10.4%	10.5%	10.8%	10.6%

[1] Adjusted to taxable equivalent basis.
[2] Net income applicable to common shares divided by average common shareholders' equity for the quarter, annualized.

CONSOLIDATED STATEMENTS OF INCOME

$ millions for the year ended October 31	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Interest income (taxable equivalent basis)	$9,111	$9,068	$9,718	$11,404	$11,717	$10,172	$8,267	$7,309	$7,386	$7,433
Interest expense	5,004	5,233	6,106	7,903	8,613	7,145	5,576	4,963	5,181	5,344
Net interest income (taxable equivalent basis)	4,107	3,835	3,612	3,501	3,104	3,027	2,691	2,346	2,205	2,089
Deduct taxable equivalent adjustment	105	90	80	73	87	90	82	109	150	162
Net interest income (consolidated statement of income basis)	4,002	3,745	3,532	3,428	3,017	2,937	2,609	2,237	2,055	1,927
Provision for credit losses	880	920	1,835	613	254	975	493	546	697	550
	3,122	2,825	1,697	2,815	2,763	1,962	2,116	1,691	1,358	1,377
Non-interest income	2,208	1,866	1,737	1,581	1,375	1,202	973	819	664	569
	5,330	4,691	3,434	4,396	4,138	3,164	3,089	2,510	2,022	1,946
Non-interest expenses	3,863	3,507	3,457	3,073	2,848	2,462	2,065	1,793	1,612	1,462
Net income (loss) before income taxes	1,467	1,184	(23)	1,323	1,290	702	1,024	717	410	484
Income taxes (recovery)	550	435	(55)	488	513	249	436	285	99	150
	917	749	32	835	777	453	588	432	311	334
Non-controlling interests in net income (loss) of subsidiaries	27	19	20	24	(25)	3	(3)	—	—	—
Net income before special provision for losses	890	730	12	811	802	450	591	432	311	334
Special provision for losses (net of income taxes)	—	—	—	—	—	—	—	450	—	—
Net income (loss)	$ 890	$ 730	$ 12	$ 811	$ 802	$ 450	$ 591	$ (18)	$ 311	$ 334
Dividends on preferred shares	$ 141	$ 131	$ 120	$ 101	$ 93	$ 55	$ 44	$ 48	$ 72	$ 91
Net income (loss) applicable to common shares	749	599	(108)	710	709	395	547	(66)	239	243
	$ 890	$ 730	$ 12	$ 811	$ 802	$ 450	$ 591	$ (18)	$ 311	$ 334

Condensed Consolidated Balance Sheets

$ millions as at October 31	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Assets										
Cash resources	$ 9,436	$ 7,880	$ 6,245	$ 7,465	$ 6,751	$ 6,111	$ 6,695	$ 7,750	$ 9,140	$ 6,827
Securities	28,753	24,167	20,055	14,890	10,402	9,623	9,771	8,410	6,946	7,682
Loans										
Residential mortgages	32,225	30,720	28,927	25,616	24,196	20,373	17,898	15,116	11,754	9,658
Personal and credit card loans	16,807	14,650	14,318	14,608	14,715	13,505	12,500	10,910	9,692	8,993
Business and government loans	50,906	51,811	51,682	46,137	44,420	38,654	36,889	37,563	35,720	36,795
Customers' liability under acceptances	7,259	7,069	6,045	7,706	9,180	8,064	7,479	6,137	5,458	4,190
Land, buildings and equipment	1,995	1,951	1,754	1,605	1,380	1,041	907	798	701	670
Other assets	3,652	3,051	3,186	2,998	3,152	2,842	2,549	1,691	1,430	1,019
	$151,033	$141,299	$132,212	$121,025	$114,196	$100,213	$94,688	$88,375	$80,841	$75,834
Liabilities and Shareholders' Equity										
Deposits										
Individuals	$ 59,040	$ 57,265	$ 54,233	$ 50,412	$ 47,534	$ 42,106	$36,821	$34,231	$32,539	$30,645
Businesses and governments	36,213	34,357	36,873	34,095	31,605	27,297	26,884	24,137	23,535	23,295
Banks	20,209	19,283	15,912	10,964	10,971	9,469	8,882	13,644	11,442	11,148
Acceptances	7,259	7,069	6,045	7,706	9,180	8,064	7,479	6,137	5,458	4,190
Other liabilities	16,358	12,306	9,611	8,610	6,990	6,615	8,195	4,479	2,524	1,894
Non-controlling interests in subsidiaries	78	62	52	50	21	61	52	—	—	—
Debentures	3,441	3,003	2,848	2,485	2,026	1,756	1,767	1,492	1,632	1,310
Shareholders' equity										
Preferred shares	1,691	1,878	1,460	1,300	1,050	600	600	600	597	897
Common shares	3,200	3,016	2,433	2,297	2,168	2,058	1,977	1,741	1,071	554
Retained earnings	3,544	3,060	2,745	3,106	2,651	2,187	2,031	1,914	2,043	1,901
	$151,033	$141,299	$132,212	$121,025	$114,196	$100,213	$94,688	$88,375	$80,841	$75,834

Condensed Consolidated Statements of Changes in Shareholders' Equity

$ millions for the year ended October 31	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Balance at beginning of year	$7,954	$6,638	$6,703	$5,869	$4,845	$4,608	$4,255	$3,711	$3,352	$2,908
Changes in share capital										
Preferred	(187)	418	160	250	450	—	—	3	(300)	—
Common	184	583	136	129	110	81	236	670	517	243
Net income (loss) for the year	890	730	12	811	802	450	591	(18)	311	334
Dividends										
Preferred	(141)	(131)	(120)	(101)	(93)	(55)	(44)	(48)	(72)	(91)
Common	(281)	(263)	(245)	(239)	(232)	(214)	(188)	(154)	(125)	(95)
Other	16	(21)	(8)	(16)	(13)	(25)	(242)	91	28	53
Balance at end of year	$8,435	$7,954	$6,638	$6,703	$5,869	$4,845	$4,608	$4,255	$3,711	$3,352

FINANCIAL STATISTICS

for the year ended October 31	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Per common share										
Net income										
– basic[1]	$ 3.52	$ 2.99	$ (0.59)	$ 3.93	$ 4.03	$ 2.28	$ 3.34	$ 2.74	$ 2.05	$ 2.64
– fully diluted	3.52	2.99	(0.59)	3.93	4.03	2.28	3.32	2.67	1.99	2.41
Dividends	1.32	1.32	1.32	1.32	1.32	1.24	1.14	1.08	1.08	1.04
Common share price[2]										
– high	36.250	33.625	37.000	33.000	33.625	32.500	25.875	23.625	22.000	19.813
– low	28.000	23.625	25.125	21.625	21.625	22.750	16.875	15.750	16.750	13.313
– close	32.000	31.625	28.750	30.875	22.250	31.625	25.125	17.875	19.125	19.563
Book value at year-end[3]	$ 31.18	$ 28.90	$ 27.44	$ 29.41	$ 26.90	$ 24.31	$ 23.35	$ 21.12	$ 23.16	$ 23.88
$ millions										
Average assets	$149,060	$137,307	$126,415	$118,892	$108,391	$ 97,386	$ 91,332	$ 86,241	$ 79,709	$ 73,308
Average common shareholders' equity	$ 6,393	$ 5,664	$ 5,318	$ 5,094	$ 4,491	$ 4,228	$ 3,765	$ 3,352	$ 2,804	$ 2,227
Average number of common shares *(thousands)*										
– basic	212,732	200,683	185,503	180,905	176,185	172,783	163,529	139,904	116,478	92,084
– fully diluted	214,484	201,089	185,503	180,905	176,185	172,783	167,605	149,489	133,613	115,913
Common share dividend	$ 281	$ 263	$ 245	$ 239	$ 232	$ 214	$ 188	$ 154	$ 125	$ 95
$ millions										
Total dividends on preferred shares										
Class A Series 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 6	$ 8
Class B Series 1	—	—	—	—	—	—	—	—	5	18
Class A Series 2	—	—	—	—	—	—	—	12	42	42
Class A Series 3	—	—	8	28	30	28	23	18	19	23
Class A Series 4	7	7	8	12	15	14	11	9	—	—
Class A Series 5	6	7	8	11	15	13	10	9	—	—
Class A Series 6	19	18	18	18	17	—	—	—	—	—
Class A Series 7	2	2	2	4	4	—	—	—	—	—
Class A Series 8	18	18	18	18	12	—	—	—	—	—
Class A Series 9	23	23	23	10	—	—	—	—	—	—
Class A Series 10	26	24	22	—	—	—	—	—	—	—
Class A Series 11	13	13	13	—	—	—	—	—	—	—
Class A Series 12	13	9	—	—	—	—	—	—	—	—
Class A Series 13	14	10	—	—	—	—	—	—	—	—
	$ 141	$ 131	$ 120	$ 101	$ 93	$ 55	$ 44	$ 48	$ 72	$ 91
Dividends per preferred share										
Class A Series 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2.0110	$ 2.5000
Class B Series 1	—	—	—	—	—	—	—	—	0.5125	2.0500
Class A Series 2	—	—	—	—	—	—	—	1.0507	3.5625	3.5625
Class A Series 3	—	—	2.6530	9.5140	10.0190	9.3970	7.5630	5.9960	6.4600	7.6200
Class A Series 4	4.5840	4.5840	5.3780	7.7460	10.0340	9.2340	7.3640	5.9360	—	—
Class A Series 5	1.1057	1.1273	1.3051	1.8992	2.4384	2.2376	1.7817	1.5000	—	—
Class A Series 6	2.4349	2.2500	2.2500	2.2500	2.0697	—	—	—	—	—
Class A Series 7	3,507	4,034	4,871	7,238	8,328	—	—	—	—	—
Class A Series 8	2.2200	2.2200	2.2200	2.2200	1.5540	—	—	—	—	—
Class A Series 9	2.2750	2.2750	2.2750	0.9988	—	—	—	—	—	—
Class A Series 10	2.5786	2.4423	2.2510	—	—	—	—	—	—	—
Class A Series 11	2.2125	2.2125	2.1867	—	—	—	—	—	—	—
Class A Series 12	2.2054	1.4983	—	—	—	—	—	—	—	—
Class A Series 13	1.7500	1.2490	—	—	—	—	—	—	—	—

[1] The special provision for LDC losses in 1987 reduced basic net income per common share to a loss of $0.47 per share for that year.
[2] The high and low price during the year, and closing price on the last trading day of the year, on The Toronto Stock Exchange.
[3] Common shareholders' equity (including adjustment for taxes) divided by the number of common shares issued and outstanding at the end of the year.

Other Statistics

as at October 31	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Number of common shares *(thousands)* [2]	216,273	210,211	188,688	183,704	179,148	174,567	171,668	160,647	128,485	98,697
Number of common shareholder accounts [3]	26,131	26,441	26,775	27,227	29,165	28,327	31,391	32,942	33,727	26,729
Number of full-time equivalent employees [4]	40,807	41,511	42,773	na	na	na	na	na	na	na
Number of branches	1,428	1,453	1,515	1,529	1,527	1,539	1,528	1,534	1,586	1,616
Number of automated banking machines	2,887	2,754	2,596	2,405	1,914	1,399	987	741	644	561

[1] For the purposes of this review, prior years' financial information has been restated, where necessary, to conform with the presentation in 1994.
[2] Adjusted to reflect the sub-division of the common shares on a two-for-one basis on January 31, 1986.
[3] Represents the number of accounts on the share register and therefore does not reflect the total number of individual shareholders.
[4] Full-time equivalent employees include full-time, part-day, part-time, contract and casual employees and overtime hours.
na – not available

Financial Ratios

for the year ended October 31	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Return on assets [2]	0.60%	0.53%	0.01%	0.68%	0.74%	0.46%	0.65%	0.50%	0.39%	0.46%
Return on common equity [3]	11.7%	10.6%	(2.0)%	13.9%	15.8%	9.3%	14.5%	11.5%	8.5%	10.9%
Dividend yield [4]	4.1%	4.6%	4.2%	4.8%	4.8%	4.5%	5.3%	5.5%	5.6%	6.3%
Dividend payout ratio [5]	37.5%	43.9%	nm	33.6%	32.8%	54.3%	34.3%	40.1%	52.1%	38.9%
Price/Earnings ratio [6]	9.1	10.6	nm	7.9	5.5	13.9	7.5	6.5	9.3	7.4

as at October 31	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Closing common share price to book value	102.6%	109.4%	104.8%	105.0%	82.7%	130.1%	107.6%	84.6%	82.6%	81.9%
Capital funds to total assets	7.9%	7.8%	7.2%	7.6%	6.9%	6.6%	6.7%	6.5%	6.6%	6.1%
Non-performing loans, net *($ millions)*	$1,543	$2,476	$3,041	$1,862	$865	$771	$1,006	$2,276	$2,517	$1,587
Net non-performing loans to total loans and acceptances	1.4%	2.3%	3.0%	2.0%	0.9%	1.0%	1.3%	3.3%	4.0%	2.7%
Regulatory Tier 1 capital ratio	7.1%	6.9%	5.9%	6.0%	5.3%	4.7%	4.9%	n/a	n/a	n/a
Regulatory total capital ratio	9.9%	9.7%	8.7%	9.0%	7.9%	7.1%	7.4%	n/a	n/a	n/a

[1] For the purposes of this review, prior years' financial information has been restated, where necessary, to conform with the presentation in 1994.
[2] The special provision for LDC losses in 1987 reduced return on assets to a negative (0.02)% and return on common equity to a negative (1.97)% for that year.
[3] Net income applicable to common shares divided by average common shareholders' equity for the year.
[4] Dividend per common share divided by the average of the high and low common share price during the year.
[5] Total common share dividend divided by the net income applicable to common shares (for 1987, before the special provision for LDC losses) for the year.
[6] Closing common share price expressed as a multiple of net income per common share for the year.
nm – not meaningful
n/a – not applicable

Annual Perspective

per $100 of average assets for the year ended October 31	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Net interest income [1]	$ 2.75	$ 2.79	$ 2.86	$2.94	$ 2.86	$ 3.11	$2.95	$ 2.72	$ 2.77	$ 2.85
Provision for credit losses	(0.59)	(0.67)	(1.45)	(0.52)	(0.23)	(1.00)	(0.54)	(0.63)	(0.87)	(0.75)
Non-interest income	1.49	1.36	1.37	1.33	1.27	1.23	1.07	0.95	0.83	0.78
Non-interest expenses	(2.59)	(2.55)	(2.73)	(2.58)	(2.63)	(2.53)	(2.26)	(2.08)	(2.02)	(1.99)
Income taxes [1] and non-controlling interests	(0.46)	(0.40)	(0.04)	(0.49)	(0.53)	(0.35)	(0.57)	(0.46)	(0.32)	(0.43)
Net income – return on assets	$ 0.60	$ 0.53	$ 0.01	$0.68	$ 0.74	$ 0.46	$0.65	$ 0.50	$ 0.39	$ 0.46
Tax-exempt income [1] *($ millions)*	$125.3	$111.0	$118.3	$99.0	$118.8	$123.3	$92.1	$108.2	$143.4	$164.5
Tax rate [1]	42.6%	43.2%	42.8%	42.4%	42.4%	42.2%	47.1%	50.4%	51.1%	49.7%

[1] Taxable equivalent basis – net interest income includes tax-exempt income on certain securities, primarily interest on income debentures, small business development bonds and small business bonds, and dividends on certain preferred shares of Canadian corporations. Because this income is not taxable to the bank, the rate of interest or dividend received by the bank is significantly lower than would apply to a loan of the same amount. As the impact of tax-exempt income varies from year to year as a result of fluctuations in the general level of interest rates and the size of the bank's holdings of tax-exempt securities, such income has been adjusted to a taxable equivalent basis to permit uniform measurement and comparison of net interest income. An equal and offsetting adjustment is made to increase the provision for income taxes. The taxable equivalent adjustments are based on tax-exempt income and tax rates as disclosed in the above table.
[2] The 1987 information is before the special provision for LDC losses of $450 million after tax.

Canadian Imperial Bank of Commerce is a diversified financial institution governed by the Bank Act (Canada). CIBC's head office is at Commerce Court, Toronto, Canada M5L 1A2.

CIBC was formed through the amalgamation of The Canadian Bank of Commerce and Imperial Bank of Canada in 1961. The Canadian Bank of Commerce was originally incorporated as Bank of Canada by Special Act of the legislature of the Province of Canada in 1858. Subsequently, the charter was amended to change the name to The Canadian Bank of Commerce and it opened for business under that name in 1867. Imperial Bank of Canada was incorporated in 1875 by Special Act of the Parliament of Canada and commenced operations in that year. CIBC's charter has been amended from time to time to change its authorized capital.

CIBC is the second largest bank in Canada in terms of assets and as of October 31, 1994 employed more than 40,000 people on a full-time equivalent basis.

Personal and Commercial Bank

Personal and Commercial Bank provides a complete range of financial services to consumers, farmers and commercial businesses across Canada. It also serves all of CIBC's customers in the West Indies and our private banking customers throughout the world.

Services are provided through over 1,400 branches, offices, sub-agencies and through automated and electronic delivery networks throughout Canada and the West Indies. These include full-service branches, consumer branches and independent business, commercial and private banking centres, as well as automated banking machines (ABMs). Services are also provided by telephone through CIBC LinkUp and by personal computer for commercial customers through Commcash. CIBC is a leader in point-of-sale electronic delivery channels, linking cardholders, merchants and financial institutions. Debit payment service is also available throughout Canada. CIBC customers have access to service through over 80,000 ABMs in the United States and internationally through the Plus Network and to over 100,000 ABMs worldwide through the Visa International Network.

Personal banking services encompass transaction services, deposits and investments, consumer loans, residential mortgages, Visa issuing and merchant services and other related financial services throughout Canada.

- Deposit services include a wide range of chequing and savings accounts, short and long term GICs, RRSPs, RIFs and investment rate accounts.
- CIBC Securities Inc. offers a range of mutual funds and discount brokerage products across Canada.
- Consumer loans are available for various terms for the purchase of investments, goods and services. In 1994, CIBC acquired new provincial student loan business from the provinces of Alberta, Nova Scotia, New Brunswick and Newfoundland. In addition, CIBC is finalizing a contract with the federal government, whereby we expect to be a major provider of Canada Student Loans. A strategic alliance between CIBC and its affiliate Commcorp has resulted in a new company CIBC Finance Inc., that will administer the federal and provincial student loan business, as well as the retail and wholesale Dealer Plan business.
- CIBC Mortgage Corporation provides loans secured by first mortgages, principally on residential properties, throughout Canada, consisting of conventional and NHA mortgages.
- CIBC Visa credit cards offer consumers a range of options, from the Classic Visa, to Gold, Aerogold and the more recently introduced Ford and Ford Gold cards.
- The Private Banking group, through units located across Canada and in key offshore financial centres, offers a wide range of banking, investment, trust and advisory services to clients with high net worth.
- On March 31, 1994, CIBC acquired a 55% interest in T.A.L. Investment Counsel Ltd. (T.A.L.) through the merger of the investment activities formerly conducted by CIBC Investment Management Corporation with T.A.L.. T.A.L. provides investment management services on a discretionary basis to pension funds, mutual funds, institutional and retail clients across Canada.

CIBC Trust Corporation offers estate planning, personal trust, administration, investment management and other financial services in Canada through CIBC branches and through other locations in key markets across the country.

CIBC offers insurance products through three subsidiaries, CIBC Life Insurance Company Limited, CIBC General Insurance Company Limited and The Personal Insurance Company of Canada Limited, the latter having been acquired early in 1994. These companies combined provide a full range of insurance products, including term life, accidental death, travel and group home and auto.

Commercial banking sells products and services to customers ranging in size from large, mid-market companies to very small, owner-operated enterprises and includes two industry specialized groups, real estate and oil and gas. A range of banking and investment products and services is sold to these customers.

- Commercial credit facilities include fixed rate, fixed term loans, overdraft borrowing and variable rate financing.
- Cash management services include access to real time information through CIBC's computer network, centralized cash control over a group of accounts, electronic direct deposit services and payroll services and products through Comcheq, CIBC's payroll services subsidiary, with full automated delivery and services designed for all types and sizes of businesses.
- Trade finance provides expertise to assist importing and exporting customers through the use of letters of credit and other financing techniques.
- Through a number of entities, CIBC provides equipment and inventory financing and offers small business leasing and services to medical and dental practitioners.

Banking Operations and Information Technology includes Systems and Operations design, development, implementation, operation and field support; computer, cheque, currency and other processing centres; telecommunications network operations and overall corporate information resource management activities.

Investment and Corporate Bank

During the past year there has been significant progress made in the development and implementation of a strategy to bring together the businesses of the Investment and Corporate Bank of CIBC.

The background to this strategy began in 1988 when the Investment Bank substantially expanded its scope with the acquisition of a majority interest in Wood Gundy Inc. Since 1988, CIBC's investment banking activities have been gradually integrated with those of Wood Gundy. Examples of this gradual integration include: joint trading floors around the world where permitted, the combination of CIBC's and Wood Gundy's money market activities, CIBC and Wood Gundy joint ventures in the swaps and options and the merchant banking businesses and the combination of technology support functions. By 1992, considerable integration of the two businesses had taken place.

CIBC originally set up the Investment Bank as a separate business unit partly to foster its growth and development independent of the much larger Corporate Bank. By 1992, this had been accomplished and it was clear that there were opportunities to bring the two business units together to serve better their joint client base. Two steps were taken. The first was to complete the integration of CIBC and Wood Gundy within the Investment Bank under one management structure with one compensation system where permitted. The second step has been to develop a strategy for combining the businesses of the Investment Bank and the Corporate Bank. On October 11, 1994, CIBC adopted CIBC Wood Gundy as the marketing banner of the combined units.

Under this strategy, the goal is to offer global investment banking and credit and capital markets capabilities. The foundations of this strategic direction include the development of a liquid credit business, expertise in derivatives and a global perspective. One of the first steps taken in the implementation of this strategy was to acquire a world class derivatives team in 1994. Further, significant progress has been made during

1994 in developing and implementing numerous initiatives that will drive this strategy forward in 1995 and beyond.

CIBC and Wood Gundy conduct their international and domestic business activities under the names of CIBC and / or Wood Gundy. The major business activities of CIBC and Wood Gundy include the following.

Corporate Banking provides a wide range of borrowing arrangements in a variety of familiar instruments and forms (including structured finance, structured distribution, trade finance and leasing) to corporations, governments and financial institutions. Corporate Banking services are provided throughout North America as well as in the United Kingdom and Asia (excluding Japan).

Canadian Dollar Franchise (CDF) provides delivery and distribution of non-equity Canadian-dollar denominated securities and non-equity securities issued by Canadian corporations in other currencies. CDF combines traditional trading and sales activities in fixed income, money markets and foreign exchange, the research activities supporting these areas and new products including securitization, private placements and structured products. CDF activities are carried on across Canada as well as in New York, London, Tokyo, Hong Kong and Singapore.

International Markets offers a wide spectrum of products in non-Canadian dollar currencies, including money markets, foreign exchange, listed options and futures, over-the-counter options, forward rate agreements, short-term interest rate swaps, repurchase agreements, securities portfolio management, liquidity management, short-term interest rate arbitrage and proprietary trading. These products are offered through trading centres in Toronto, New York, London, Tokyo, Hong Kong and Singapore.

Financial Products develops and markets innovative financial structures to governments, fund managers, financial institutions, corporations and wealthy individuals. Products include over the counter interest rate, currency and equity derivatives, including swaps, forwards and futures transactions, options contracts and other similar types of contracts and commitments based on interest rates, currency rates, the prices of equities and other financial market variables. Financial Products operates in Toronto, New York, London and Tokyo.

Institutional Equities and Commodity Products provides a broad range of services and products to institutional equity investors including the distribution of new issues, the trading and sales of equities, equity-related securities and structured equity products and the sale of equity research. Commodity Products consists of the Precious Metals group which trades gold and other precious metals and the Oil and Gas group which trades swap agreements and derivative products with suppliers and consumers of crude oil and natural gas. Significant operations are maintained in Toronto and London with sales offices in Montreal, Vancouver, New York, Boston and Tokyo.

Investment Banking provides underwriting and financial advisory services to issuing clients in Canada and internationally through offices in London and Tokyo. It originates and structures equity, equity-related and debt securities and provides financial advisory services in both domestic and international capital markets.

Merchant Banking invests in equity and debt securities of primarily Canadian and U.S. based corporations and partnerships and manages a number of debt and equity investments on behalf of CIBC.

Private Client provides investment advice to high net worth individuals through 37 branches and 10 sub-branches in Canada.

Securities Services is custodian for a diverse group of clients, including foreign financial institutions, provincial and municipal governments, pension funds, mutual and pooled funds and corporations. These clients are served through offices in Toronto, Montreal, Vancouver and London. Services provided include securities safekeeping, trade settlement, entitlement processing, electronic customer interfaces, specialized reporting, global custody and proxy services.

CEF Holdings Limited (CEF) is an investment holding and financial services company based in Hong Kong and has relationships with a number of significant Asian institutions. CIBC has a 50% interest in CEF.

CIBC Development Corporation

CIBC Development Corporation owns or manages approximately ten million square feet of branch, office, industrial and mixed-use properties across Canada. The branch network includes over 1,400 locations, approximately half of which are owned by CIBC. The remainder of CIBC's domestic locations are in leased premises, generally under long-term leases.

Corporate Centre

The Corporate Centre provides CIBC wide policy, corporate governance, strategic and advisory services. It comprises Administration and Finance, Corporate Governance, Risk Management, Human Resources and Strategic Planning. The Administration and Finance Group includes Chief Accountant's, Taxation and Controller's Divisions, Finance Operations and Systems, Business Unit Financial Support and Corporate Communications and Public Affairs. The Corporate Governance Group includes Legal, Secretary's and Compliance Divisions and Internal Audit and Corporate Security.

General Development of the Business

Over the past five years, CIBC's assets have grown from over $100 billion at the end of fiscal 1989 to over $151 billion in 1994. The composition of the balance sheet has shifted over the years with the securities portfolio growing from less than 10% of total assets in 1989 to more than 19% in 1994 as securities held for liquidity and asset liability management have increased. Over the same period, business loans have grown by approximately 6% annually and have decreased from 39% of assets to 34% in 1994 reflecting the fact that corporations are increasingly accessing the markets directly for debt and equity.

The composition of CIBC's deposits has also shifted over the five year period as clients moved investments into mutual funds. Deposits from individuals have grown by only 7% annually while deposits from other banks have grown by over 16%.

The shift into mutual fund products has helped increase CIBC's non-interest income as a percentage of total revenues from 29% in 1989 to over 35% in 1994. CIBC's acquisitions of Wood Gundy Inc. in 1988 and The Personal Insurance Company in 1994 have also added sources of fee income such as underwriting fees and commissions on securities transactions and net premiums less claims and policy benefits. Increased emphasis on derivatives business is also expected to contribute to non-interest income growth in the future.

Non-interest expenses increased by over 9% annually over the past five years reflecting continuing investment in technology and new businesses and an increase in revenue-driven compensation. CIBC has made progress in reducing the ratio of non-interest expenses to total revenues (net interest and non-interest income) over the past two years and continues to implement several cost containment initiatives.

Over the past five years, CIBC's provision for credit losses has gone from $975 million in 1989 up to $1.8 billion in 1992 and has been reduced in 1993 and 1994 to its level of $880 million in 1994 as the economy improves in Canada and in other countries in which we do business.

CIBC's regulatory total capital ratio strengthened from 7.1% of total risk weighted assets as at October 31, 1989 to 9.9% as at October 31, 1994. Tier 1 capital, which consists primarily of common shareholders' equity and non- cumulative preferred shares, went from 4.7% to 7.1% of total risk weighted assets. In 1994, CIBC announced several capital initiatives to work towards achieving the goals of reducing our cost of capital and building long-term common shareholder value.

CIBC Management Committee

Flood, A.L. (Al), Chairman and Chief Executive Officer *(Thornhill, Ontario)*
Hunkin, J.S. (John), President, CIBC Wood Gundy *(Toronto, Ontario)*
Kluge, H. (Holger), President, Personal and Commercial Bank *(Willowdale, Ontario)*

Corporate Centre

Policy Committee

Flood, A.L. (Al), Chairman and Chief Executive Officer
Ronald, T.I. (Iain), Vice-Chairman, Office of the Chairman *(Toronto, Ontario)*
Beasley, G.E. (Gerry), Senior EVP, Risk Management *(Mississauga, Ontario)*
Darling, M.S. (Michele), EVP, Human Resources *(Toronto, Ontario)*
Doran, J.C. (John), EVP, Administration and Chief Financial Officer *(Mississauga, Ontario)*
Hayes, D.C. (Derek), EVP and General Counsel, Corporate Governance *(Toronto, Ontario)*
Meredith, P.D. (Pat), EVP, Strategic Planning *(Toronto, Ontario)*

Davidson, W.K. (Ken), EVP, Large Corporate, Risk Management *(Oakville, Ontario)*
Mark, R.M. (Bob), EVP, Market Risk Management *(Thornhill, Ontario)*
Shirley, C.J. (Cliff), EVP *(Toronto, Ontario)*

Bowder, D. (Don), SVP and Chief Accountant, Administration and Finance
Desson, T.W. (Tom), SVP, Investment Grade, Risk Management
Ferguson, J.D. (John), SVP, Corporate Communications and Public Affairs, Administration and Finance
Gibb, J.D. (David), SVP, Consumer Credit, Risk Management
Harvey, R.D. (Rob), SVP, Credit Quality and Portfolio Management, Risk Management
Hindley, R.E. (Bob), SVP, Special Loans, Risk Management
Irving, I.A.L. (Ian), SVP, Mid-Market, Commercial and Real Estate, Risk Management
Jones, M.L. (Merri), SVP, Ontario Credit, Risk Management

As at Nov. 3, 1994

Officers based in Toronto unless otherwise indicated

BOITG – Banking Operations and Information Technology Group
CBC – Commercial Banking Centre

As a requirement for the Annual Information Form, municipalities of residence are provided for senior officers (EVP and above) and shown in italics.

Kenyon, A.G. (Andrew), SVP, Taxation, Administration and Finance
McFarlane, P.D. (Paul), SVP, Special Loans, Risk Management
Mendelsohn, J. (Josh), SVP and Chief Economist, Risk Management
Middleton, P.J.H. (Peter), SVP, Risk Capital Attribution Project, Risk Management
Paterson, R.C. (Robert), SVP, Human Resource Policy Development and Strategic Management, Human Resources
Pattison, J.C. (John), SVP, Compliance, Corporate Governance
Peers, J.A. (Jim), Executive Director, Corporate Development, Strategic Initiatives (New York)
Ramani, S. (Ram), SVP and Chief Inspector, Corporate Governance
Renihan, B.A. (Bruce), SVP and Controller, Administration and Finance

Ash, R.R. (Reg), VP, Credit, Risk Management
Balfour, D.M. (David), VP, and President, CIBC Equipment Finance Ltd.
Baril, J.A.M. (Andre), VP, Quebec Credit, Risk Management (Montreal)
Barlow, D.E. (David), VP, Corporate Risk and Insurance Services, Risk Management
Bruce, B.D. (Barry), VP, Credit, Risk Management
Christie, L.P. (Lowrey), VP, Credit, Risk Management
Conzelman, M.R. (Mark), VP, Special Loans, Risk Management
Davidson, D.J. (Jeff), VP, Human Resources
Dickinson, D.G. (David), VP, Treasury Financing, Risk Management
Dines, A.K. (Anne), VP, Audit, Investment Banking, Corporate Governance
Dinning, I.N. (Ian), VP, Credit, Risk Management
Dorrian, J.A. (Jack), VP, Real Estate, Risk Management
Dybenko, B. (Boris), VP, Management Reporting and Analysis, Administration and Finance
Farrell, J.R. (John), VP, Credit, Risk Management
Fisher, P.T. (Paul), VP and Corporate Secretary, Corporate Governance
Fraser, J.R. (John), VP, Operations, Internal Audit, Corporate Governance
Gillani, A. (Aleem), VP, Advanced Analytics, Research and Consulting, Market Risk Management
Handrahan, E.R. (Earl), VP, Credit, Risk Management
Harris, L.C. (Lloyd), VP, Credit, Risk Management
Howlett, J.K. (Jeff), VP, Market Risk Policy, Risk Management
Kay, P.W. (Peter), VP, Capital Management, Administration and Finance
Kendrick, P.N. (Peter), VP, British Columbia and Yukon Credit, Risk Management (Vancouver)

Khan, F.Y. (Feroze), VP, Finance/Business Planning, BOITG, Administration and Finance
Lancaster, R.W. (Rick), VP and Chief Financial Officer, Personal and Commercial Bank, Administration and Finance
Letchford, I.M. (Ian), VP, Risk Management, Europe (London)
MacDonald, B.E. (Barbara), VP and Chief Financial Officer, CIBC Wood Gundy, Administration and Finance
Martin, C.J. (Cathy), VP and Deputy Chief Accountant, Administration and Finance
Matthews, M.C. (Mary), VP, Expense Management Program, Administration and Finance
McDonough, B.T. (Brian), VP, Special Loans, Risk Management
Miller, R.J. (Rick), VP, Performance Measurement Program, Administration and Finance
Quinlan, B.E. (Brian), VP and Associate General Counsel, Corporate Governance
Robbins, L.H. (Lorne), VP, Risk Management, U.S.A. (New York)
Saint-Onge, H. (Hubert), VP, Learning Organization and Leadership Development, Human Resources
Sautner, J.H. (John), VP, Credit, Risk Management
Shantz, P.D. (Paul), VP, Audit, Personal and Commercial Banking, Corporate Governance
Sydnes, T.A. (Tom), VP, Prairies Credit, Risk Management (Calgary)
Uhlmann, P.A. (Phil), VP, Credit, Risk Management
Watson, K.J. (Ken), VP, Finance, Operations and Systems, Administration and Finance

CIBC Development Corporation

Weinberg, D.S. (David), President

Cairns, M.R. (Michael), SVP, Leasing and Facilities Planning
Garland, K.J. (Kevin), SVP, Corporate Real Estate
Heaslip, D.C. (David), SVP, Property Management
McMullen, D.G. (Doug), SVP and Chief Financial Officer

Beard, R.M. (Mark), VP, Investment
Dost, R.B. (Ralf), VP and Controller
Gaylord, J.E. (John), VP, Construction
Heslip, T.H. (Tom), VP, Development

CIBC Wood Gundy

Executive Committee

Hunkin, J.S. (John), President
Beqaj, J.K. (Jim), EVP, and President of Wood Gundy Inc., and Chairman, Wood Gundy Holdings Inc. *(New York)*
Keiser, A.W. (Al), EVP (New York/Toronto) *(Westfield, New Jersey)*
Lalonde, R.A. (Ron), EVP, CIBC Europe (London) *(London, England)*
Mirza, Y.J. (Joe), EVP, Asia Pacific *(Singapore)*
Singleton, J.M. (Matthew), EVP and Chief Administrative Officer *(New York)*
Venn, R.E. (Richard), EVP, and Chairman and Chief Executive Officer, Wood Gundy Inc. *(Toronto, Ontario)*
Kassie, D.J. (David), SVP, and Chairman, CIBC Wood Gundy Capital, and VP and Director, Wood Gundy Inc.

Ferguson, D.S. (Dan), EVP *(Oakville, Ontario)*
MacIntyre, M.A. (Max), EVP, CIBC Australia (Sydney) *(Rose Bay, Australia)*
O'Leary, M.J. (Michael), EVP *(Scarborough, Ontario)*

Bennett, S.J. (Steve), SVP (New York)
Breen, J.G. (John), SVP and General Manager, Real Estate
Browne, R.G. (Geoff), SVP, and Managing Director and Deputy, CIBC Wood Gundy Capital, and VP and Director, Wood Gundy Inc.
Chiappe, D.J. (Domingo), SVP, International
Crocker, S.E. (Susan), SVP
Denham, J. (Jill), SVP, and President, CIBC Wood Gundy Capital, and VP and Director, Wood Gundy Inc.
Fieseler, J.P. (John), SVP (New York)
Goldhawk, M. (Mike), SVP
Keinick, D.E. (Duane), SVP, Oil and Gas (Calgary)
Kielty, T.W. (Tom), SVP, Global Technology (New York)
Marshall, D.R. (Dale), SVP (New York)
Munch, R.J. (Bob), SVP, Energy and Natural Resources (New York)
Nesbitt, R.W. (Richard), SVP, and VP and Director, Wood Gundy Inc.
Panet-Raymond, R.J. (Robert), SVP, Quebec (Montreal)
Potvin, D.W. (Don), SVP, Western Canada (Vancouver)
Rogers, P.D. (Paul), SVP, and VP and Director, Wood Gundy Inc.
Stephenson, D.W. (Don), SVP and General Manager (New York)
Tulloch, P.P. (Peter), SVP, CIBC Asia (Hong Kong)
Uggla, L.D. (Lance), SVP, and VP and Director, Wood Gundy Inc.

Breen, J.B. (John), VP, and Director, CIBC Wood Gundy Capital
Cranwell, R.A. (Russell), Head of European Specialized Finance (London)
Fortin, J.L. (Jean-Luc), VP, Diversified Industries, Quebec (Montreal)
Graham, J.E. (Janet), VP
Grey, D.W. (Doug), VP, Operations
Henderson, W.J. (Wayne), VP, North American Corporate Banking (Vancouver)
Horrocks, M.G. (Michael), VP, Domestic Money Market Trading, Treasury Products, Canada
Kilgour, G.S. (Gail), VP, Real Estate
Kilgour, P.K.M. (Ken), VP, and Director, CIBC Wood Gundy Capital

Lambden, R.A. (Roy), VP, Head of Treasury, Europe (London)
Lau, D.C.H. (David), VP, CIBC Asia (Singapore)
Lounsbery, P. (Phipps), VP, Domestic Money Market Sales, Canada
MacDonald, B.E. (Barbara), VP and Chief Financial Officer, Finance
Majowicz, R.G. (Bob), VP, Large Corporate and Structured Finance, Diversified Industries, Canada
Marion, P. (Paul), VP, Diversified Industries, Canada
Markvoort, G. (Geri), VP, Human Resources
McDonald, L.M. (Lynn), VP, Government and Health Care, Canada
Mihelbergel, M.J. (Michael), VP, Real Estate, U.S.A (Chicago)
Mitchell, M.E. (Mike), VP, Finance, CIBC Europe (London)
Osler, C.G. (Kit), VP, Diversified Industries, Canada
Paxton, A.L. (Tony), VP, Technology Services
Richter, J. (Joe), VP, Securities Processing
Rowland, C.J. (Chris), VP, Operations (New York)
Straub, G. (Gerry), VP, Metals, Mining and Forest Products
Swain, D.J. (David), VP, Oil and Gas (Calgary)
Tepper, A. (Allan), VP, Planning and Control, U.S.A. (New York)
Varney, A.J. (Ann), VP and Head of Operations, Information Technology and Corporate Services, Europe (London)
Wainstein, B.M. (Barry), VP, Foreign Exchange Sales, North America
Wearing, A.S. (Alan), VP, and Director, CIBC Wood Gundy Capital
Witham, D.P. (David), Head of European Relationship Management (London)
Worth, D.J. (Donald), VP, Mining
Zelenczuk, N.M. (Nick), VP, and VP, Capital Markets, Wood Gundy Inc.

Personal and Commercial bank

Policy Committee

Kluge, H. (Holger), President
Bowden, J.W. (John), EVP, Commercial Banking *(Pickering, Ontario)*
Gill, G. (Gwyn), EVP, Customer Segments *(Toronto, Ontario)*
Lowry, J.L. (John), EVP, Delivery Network *(Oakville, Ontario)*
Napier, B.G. (Burt), EVP, Banking Operations and Information Technology Group *(Oakville, Ontario)*
Wright, E.B. (Betsy), EVP, Products *(Toronto, Ontario)*
Lahey, J.F. (John), VP, Human Resources

Panneton, J.E. (John), EVP, Investment Management *(Newmarket, Ontario)*

Acheson, K.R. (Ken), SVP, Banking Operations, BOITG
Barrett, D.D. (Dave), SVP, Ontario East and North
Bazarkewich, P.J.G. (Jane), SVP, and President and Chief Executive Officer, CIBC Trust
Breen, J.G. (John), SVP and General Manager, Real Estate
Brotchie, D.A.P. (Doneta), SVP, Central Prairie (Winnipeg)
Cassidy, B.M. (Brian), SVP, Mortgages and Consumer Loans, and President, CIBC Mortgage Corporation
Cira, A.A. (Anne), SVP, Greater Toronto East
Cumming, D.P. (Don), SVP, Real Estate Division and Manager, Northwest Toronto Real Estate CBC, Commercial Banking
Hohol, L.M. (Linda), SVP, Alberta and Northwest Territories (Calgary)
Kearns, J.R. (John), SVP, Savings and Investments
Keinick, D.E. (Duane), SVP, Oil and Gas (Calgary)
Krukowski, J.W.P. (Joe), SVP, West Indies (Nassau)
Lacey, D.E. (Dwight), SVP, and Chief Executive Officer, CIBC Insurance Management Company Limited
Luit, P. (Peter), SVP, BOITG Operations
Lukassen, G.H. (Gerry), SVP, Commercial Banking
MacLean, M.J. (Milt), SVP, Ontario South-West (Hamilton)
McNair, S.M. (Steven), SVP, Greater Toronto West
Panet-Raymond, R.J. (Robert), SVP, Quebec, Commercial Banking (Montreal)
Pedersen, M.B. (Mike), SVP, B.C. and Yukon (Vancouver)
Petit, G.A. (André), SVP, Quebec (Montreal)
Potvin, D.W. (Don), SVP, Western Canada, Commercial Banking (Vancouver)
Roberts, D.W. (David), SVP, Ontario, Commercial Banking (Hamilton)
Shaughnessy, R.K. (Kelly), SVP, Delivery Network
Sjögren, K.H. (Keith), SVP, and President and Chief Operating Officer, CIBC Securities Inc.
Stansfield, R.A. (Rob), SVP, Greater Toronto, Commercial Banking
Vessey, P.J. (Paul), SVP, Card Products and Self Service Banking

Acconcia, D.E. (Dom), VP, Relationship Support, Commercial Banking
Allen, J.R. (Jim), VP, Customer Segments
Bailey, R.P. (Paul), VP, Marketing Services
Bazarkewich, J.E. (Joe), VP and Manager, Downtown Real Estate CBC, Commercial Banking
Berger, D.L. (David), VP, Banking Operations Development and Engineering, BOITG
Bourassa, L. (Louis), VP and National Sales Manager, Investment Specialist Group
Bouthillier, J.H.J. (Jean), VP, Montreal, Commercial Banking (Montreal)
Burrows, C.C. (Craig), VP, Atlantic, Commercial Banking (Halifax)

Caven, M.H.L. (Michael), VP, Real Estate
Cuber, P.J. (Pam), VP, Human Resource Operations
Davies, T.T. (Terry), VP, Delivery Network
Davison, R.A.H. (Rick), VP, Hamilton/Niagara, Commercial Banking (Hamilton)
Elms, J.M. (Jack), VP, Northern Ontario, Commercial Banking (Sudbury)
Fitzpatrick, S.M. (Steve), VP, Cash Management Services
Fletcher, R.L. (Bob), VP, Architecture and Consulting, BOITG
Georganas, C.G. (Cos), VP, Greater Toronto East, Commercial Banking
Gettings, W.E. (Ed), VP, CIBC Mortgage Corporation
Gray, C.J. (Carol), VP, Alberta South and Manager, Calgary CBC, Commercial Banking (Calgary)
Horton, R.J. (Roger), VP, Programs and Project Management, BOITG
Johnston, P. (Parri), VP, Sales and Service
Kalmar, G.G. (Gabe), VP, and President and Chief Operating Officer, CIBC Life Insurance Co. Ltd.
Kalmer, C.V. (Chris), VP, Real Estate, Western Canada (Vancouver)
Kelly, R.M. (Bob), VP, Field Testing, Implementation and Support, BOITG
Khan, F.Y. (Feroze), VP, Finance/Business Planning
Kingyens, M.P. (Paula), VP, Centralized Operations, BOITG
Klein, R.M. (Roman), VP, Communications, BOITG
Lailey, H.W. (Howard), VP and Manager, Commerce Place CBC, Commercial Banking (Vancouver)
Lancaster, R.W. (Rick), VP and Chief Financial Officer, Finance
Langford, C.P. (Philip), VP and Manager, Commerce Court CBC, Commercial Banking
Lee, K.H. (King), VP, Asian Banking, Greater Toronto
Liu, E.Y. (Ellen), VP, Systems Development, BOITG
Luckock, D.W. (David), VP, Southwestern Ontario, Commercial Banking
MacDonald, R.M. (Bob), VP, Oil and Gas (Calgary)
MacLachlan, L.W. (Lach), VP
Martin, J.C. (Janet), VP, BOITG
Maysuik, W.P. (Wayne), VP, BOITG
McKay, R.K. (Ross), VP, Collections
McKenzie, G.J. (Greg), VP, Card Issuing
McNeil, K.W. (Kevin), VP, and President and Chief Operating Officer, CIBC General Insurance Co. Ltd. and CIBC General Group Insurance Co. Ltd.
Mecteau, J.J.G. (Jean-Guy), VP and District Manager, Quebec City (Quebec City)
Mellish, T.C. (Tom), VP, Self Service Banking
Milner, J.A. (Jane), VP, Customer Segments
Minard, A.M. (Tony), VP, International Private Banking
Moquette, M.C.B. (Michael), VP, International Private Banking, and EVP and General Manager, CIBC (Suisse) S.A. (Geneva)
Nickle, C.M. (Carol), VP, Customer Segments
Novick, C.A. (Catherine), VP, and Chief Financial Officer, CIBC Insurance Management Company Limited
Orange, J.C. (Jackie), VP, Customer Segments
Oswald, W.R. (Randy), VP, Systems Development, BOITG
Parry, M.L. (Mary), VP, Strategic Planning
Pehleman, S.S. (Scott), VP, Merchant Acquiring
Ramkerrysingh, C.A. (Carl), VP, Greater Toronto South West, Commercial Banking
Randle, F.V. (Frances), VP, Human Resources, CIBC Insurance Management Company Limited
Rattee, J.M. (John), VP, CIBC Asia (Hong Kong)
Reid, B.J. (Betty), VP, Client Services, BOITG
Reid, D.C. (Dick), VP, Manitoba, and Manager, Winnipeg CBC, Commercial Banking (Winnipeg)
Robb, C.A. (Charlotte), VP, Alberta North and Northwest Territories, and Manager, Edmonton CBC, Commercial Banking (Edmonton)
Robbie, D.W. (David), VP, Trade Finance
Rolfe, D.J. (Don), VP, Investment Product Processing
Rombough, B.H. (Brian), VP, Saskatchewan and Manager, Regina CBC, Commercial Banking (Regina)
Roth, R.L. (Randy), VP, Mergers and Acquisitions
Rothwell, C.W. (Craig), VP, Agriculture
Shore, J.D. (Jack), VP, Atlantic (Halifax)
Singh, J.E. (Jackie), VP, Customer Segments
Skene, P.C. (Pat), VP, Consumer Loans
Smith, C.E. (Catherine), VP, Program Planning
Stevens, L.R. (Larry), VP, Vaughan, Commercial Banking
Thompson, G.L. (Glenn), VP, Delivery Network
Velazquez, H.S. (Harriet), VP, Delivery Program, BOITG
Waters, G.F. (Larry), VP, Eastern Ontario, Commercial Banking (Ottawa)
Westcott, W.A. (Bill), VP, Systems Development, BOITG
Woodman, D.A. (Debbie), VP

All of the senior officers (EVP and above) have held their present business affiliations for more than five years except J.K. Beqaj who was Vice-President and Director, Fixed Income Division, Wood Gundy Inc.; M.S. Darling who was Director, Human Resources Planning and Development, Consumers Gas Company; G. Gill who was Senior Vice-President, Marketing and Planning, Royal Bank of Canada; D.E. Lacey who was Executive Vice-President and Chief Operating Officer, Wellington Insurance Company; R.A. Lalonde who was Vice-President, Global Research, Wood Gundy Inc.; R.M. Mark who was Partner, Global Risk Management, Coopers & Lybrand and Managing Director, Asia, Europe and Capital Markets, Chemical Bank Corporation; P.D. Meredith who was Research Analyst and Vice-President, Wood Gundy Inc.; B.G. Napier who was President, Napier & Associates Consulting and Senior Vice-President, Information Technology, Toronto Dominion Bank; J.E. Panneton who was Executive Vice-President, Wood Gundy Inc.; J.M. Singleton who was Partner in charge of Global Derivatives and Treasury Risk Management Service Line, Arthur Andersen & Co; and R.E. Venn who was Vice-Chairman, Wood Gundy Inc.

DIRECTORS OF THE BANK

Douglas G. Bassett
O.C., LL.D.
President and
Chief Executive Officer
Baton Broadcasting
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Toronto, Ontario
Canada

Jalynn H. Bennett
President
Jalynn H. Bennett and
Associates Ltd.
Toronto, Ontario
Canada

Hon. Conrad M. Black
P.C., O.C., LL.D., Litt.D.,
LL.L., M.A.
Chairman
Argus Corporation Limited
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Bertrand P. Collomb
Chairman and
Chief Executive Officer
Lafarge Coppée
Paris
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Hon. William G. Davis
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Tory Tory DesLauriers
& Binnington
Toronto, Ontario
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Pat M. Delbridge
President
Pat Delbridge Associates Inc.
Toronto, Ontario
Canada

E.L. Donegan
Q.C.
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Toronto, Ontario
Canada

William L. Duke
Farmer
Redvers, Saskatchewan
Canada

Ivan E.H. Duvar
P.Eng.
Chairman, President and
Chief Executive Officer
Maritime Telegraph and
Telephone Company, Limited
Halifax, Nova Scotia
Canada

William A. Etherington
President and
Chief Executive Officer
IBM Canada Limited
Toronto, Ontario
Canada

A.L. Flood
Chairman and
Chief Executive Officer
CIBC
Toronto, Ontario
Canada

Margot A. Franssen
President
The Body Shop
Toronto, Ontario
Canada

R.D. Fullerton
Chairman
Executive Committee
CIBC
Toronto, Ontario
Canada

James A. Grant
Q.C.
Partner
Stikeman, Elliott
Montreal, Quebec
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Richard F. Haskayne
B.Comm., F.C.A.
Chairman of the Board
Nova Corporation
Calgary, Alberta
Canada

Albert E.P. Hickman
President
Hickman Motors Limited
St. John's, Newfoundland
Canada

John S. Hunkin
President
CIBC Wood Gundy
CIBC
Toronto, Ontario
Canada

William James
President and
Chief Executive Officer
Denison Mines Limited
Toronto, Ontario
Canada

Holger Kluge
President
Personal and
Commercial Bank
CIBC
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Company Director
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McKeough Investments Ltd.
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Vice-Chancellor
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Chief Executive Officer
Westcoast Energy Inc.
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Canada

Barbara J. Rae
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T.I. Ronald
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Canada

C. Richard Sharpe
Chairman
Sears Canada Inc.
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Sir Neil Shaw
Executive Chairman
Tate & Lyle PLC
London
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Chairman of the Board
MacMillan Bloedel Limited
Vancouver, British Columbia
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Chairman
Endeavour Financial
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Chairman and President
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J. Page R. Wadsworth
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Canada

Committees of the board of directors are an integral part of CIBC's governance structure. They provide an independent voice to ensure that the interests of shareholders are protected and that sound governance procedures are followed.

The Executive Committee

The executive committee exercises all the powers of the board of directors when it is not in session, except where prohibited by statute. The majority of its members are not officers of CIBC. It monitors the strategies and policies of CIBC, its operating performance, and any credit matters or other issues, such as loan applications, requiring attention prior to board meetings.

Members

Douglas G. Bassett
E.H. Crawford
E.L. Donegan
Ivan E.H. Duvar
A.L. Flood
R.D. Fullerton
James A. Grant
Richard F. Haskayne
Hon. Pearl McGonigal
W. Darcy McKeough
Stanley A. Milner
André Monast
Alfred Powis
C. Richard Sharpe

Audit Committee

At least three directors serve on the audit committee, none of whom may be an employee or officer of CIBC. This group reviews CIBC's systems, compliance and control policies and procedures, and has the authority to review all CIBC books and records. It also meets on a regular basis with CIBC's external auditors, discusses such matters as lending practices and loan-loss provisioning, and reviews CIBC's audited annual statement before it is submitted to the board, as well as other published or regulatory financial statements and returns. In addition, it receives reports from CIBC's chief inspector and its compliance officer, and discusses bank issues with the Superintendent of Financial Institutions. The committee monitors the procedures established by the board of directors to provide disclosure of information to customers and for dealing with complaints; it satisfies itself that the policies are being adhered to. It reviews any investments and transactions brought to it by an auditor or an officer that could adversely affect the well-being of CIBC.

Members

Douglas G. Bassett
E.L. Donegan
William A. Etherington
Margot A. Franssen
William James
Maurice LeClair
Stanley A. Milner
C. Richard Sharpe
Raymond V. Smith

Risk Management and Conduct Review Committee

The risk management and conduct review committee is composed of members of the board, none of whom is a CIBC officer. The committee examines major credit policy and risk management issues. It reviews and establishes policies on loan concentration applicable to single borrowers, industries and geographic areas and the financing of mergers and acquisitions. The committee reviews lending limit delegations, as well as criteria for establishing country ratings and limits, and assesses policies regarding off balance sheet financing. It also reviews possible or potential conflicts of interest, including conflicts involving directors respecting the business of CIBC, and has the power to approve credits in some circumstances.

The committee establishes procedures for dealing with transactions with related parties, and reviews and approves certain of such transactions. The committee monitors procedures established by the board to resolve conflicts of interest including restricting the use of confidential information. It reviews, approves and where appropriate, recommends to the board, investment and lending policies, standards and procedures.

Members

E.H. Crawford
Pat M. Delbridge
James A. Grant
Marie-Josée Kravis
W. Darcy McKeough
Raymond V. Smith
John S. Walton
W. Galen Weston
Peter N.T. Widdrington

Management Resources and Compensation Committee

The management resources and compensation committee meets to discuss personnel and human resources matters such as strategy and programs on recruitment and development, succession of management, employee and management compensation and incentive plans, and all benefit plans. The committee also reviews all proposed appointments and remuneration for officers at the rank of senior vice-president and above, and approves changes to salary ranges and merit increases for all employees and officers, subject to ratification by the board. None of its members are officers of CIBC.

Members

William L. Duke
Ivan E.H. Duvar
Richard F. Haskayne
Marie-Josée Kravis
W. Darcy McKeough
Arnold Naimark
Michael E.J. Phelps
Alfred Powis
Barbara J. Rae

Nominating Committee

The nominating committee discusses the size and composition of the board, and criteria for the selection of qualified candidates to the board. It recommends candidates for election as directors, and also recommends compensation for directors, including retainer fees and meeting fees.

Members

Hon. William G. Davis	William James
Pat M. Delbridge	Maurice LeClair
E.L. Donegan	Hon. Pearl McGonigal
A.L. Flood	André Monast
John S. Hunkin	Sir Neil Shaw

Trustees of the Pension Funds

This group reviews the administration of the employees' pension plans and oversees the management of the pension funds. It ensures that the funds are managed prudently by professional investment managers in accordance with established policies and goals, and monitors and assesses such items as asset mix, portfolio quality and objectives, and investment return expectations.

Members

Jalynn H. Bennett	John Panneton
Margot A. Franssen	Barbara J. Rae
Richard F. Haskayne	T.I. Ronald
Albert E.P. Hickman	John S. Walton
Holger Kluge	

Committee on Corporate Governance

The corporate governance committee is composed of the chairs of the board committees other than the executive committee, as well as the board vice-president. None of the committee members are employees or officers of CIBC. Its mandate, as set out in terms of reference approved by the CIBC board of directors, is to ensure on behalf of the board and CIBC's shareholders that CIBC's corporate governance system is effective with respect to the discharge of CIBC's obligations to its shareholders, customers and employees, other stakeholders and the public.

The committee acts as a committee of lead directors; it is specifically charged by the board with these responsibilities:

- to receive and consider any significant concerns of individual directors;
- to bring to the attention of the board or any of the other board committees matters which are of such importance as should be considered by the board or which fall within the terms of reference of that committee;
- to review with the chief executive officer the role of the board, its committees and the methods and processes by which the board fulfils its duties and responsibilities, including: the number and content of meetings; an annual schedule of issues to be presented to the board at its meetings or those of its committees; material which is to be provided to directors generally and with respect to meetings of the board or its committees; resources available to directors; and the communication process between the board and management;
- to review and evaluate the performance of the chief executive officer and, after discussing such performance with the chief executive officer, to thereon report to the board;
- to obtain annually a succession plan from the chief executive officer which will include the capabilities of the senior officers of the CIBC group of companies and to review the succession plan for the purpose of achieving the orderly replacement of the chairman and chief executive officer at the relevant time.

At each of its four meetings held during fiscal 1994, the committee discussed matters affecting the good corporate governance of CIBC including the specific items required by its terms of reference. The committee examined the system for the evaluation of the performance of the board and approved a form of questionnaire to be completed by all directors; the results of this questionnaire were summarized, including all written comments by individual directors, and sent, on a confidential basis, to all directors. These results were reviewed at a workshop of the full board held to discuss corporate governance at CIBC. Based on those and further discussions with other directors, the committee was satisfied with the quality of management's information and reporting to the board. The committee reviewed all comments made by shareholders on their proxies for the annual meeting of shareholders. The contents of the draft report of the "Toronto Stock Exchange Committee on Corporate Governance" were discussed.

The committee discussed the role of the various board committees and determined that their structures and performance are effective. The committee reviewed the terms of reference of all the committees and recommended to the board certain amendments delegating responsibility for the requirements of the new standards issued by the Canada Deposit Insurance Corporation to various committees.

The committee has concluded that the corporate governance practises of the board, its committees and individual directors at CIBC are effective.

Members

E.H. Crawford	Alfred Powis
Hon. Pearl McGonigal	C. Richard Sharpe
André Monast	

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St. Michaels, Barbados

CIBC Caribbean Limited (809-431-3700)
International Finance Centre
Warrens
St. Michaels, Barbados

CIBC Trust & Merchant Bank (Barbados) Limited
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International Finance Centre
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CEF Investment Management Limited (852-846-3688)
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for the year ended October 31, 1994

Preferred Shares Class A

		Dividend per share								
Record date	Payment date	Series 4	Series 5	Series 6	Series 8	Series 9	Series 10	Series 11	Series 12	Series 13
Nov. 30/93	Dec. 13/93	$0.330								
Dec. 29/93	Jan. 28/94		$0.2385	$0.56250	$0.555	$0.56875	US$0.475 (Cdn $0.62634)	$0.55313	US$0.40625 (Cdn $0.53568)	$0.4375
Dec. 31/93	Jan. 12/94	$0.325								
Jan. 31/94	Feb. 14/94	$0.325								
Feb. 28/94	Mar. 14/94	$0.325								
Mar. 28/94	Apr. 28/94		$0.2497	$0.56250	$0.555	$0.56875	US$0.475 (Cdn $0.65431)	$0.55313	US$0.40625 (Cdn $0.55961)	$0.4375
Mar. 31/94	Apr. 12/94	$0.331								
Apr. 29/94	May 12/94	$0.399								
May 31/94	Jun. 13/94	$0.399								
Jun. 28/94	Jul. 28/94		$0.3092	$0.56250	$0.555	$0.56875	US$0.475 (Cdn $0.65693)	$0.55313	US$0.40625 (Cdn $0.56184)	$0.4375
Jun. 30/94	Jul. 12/94	$0.427								
Jul. 29/94	Aug. 12/94	$0.458								
Aug. 31/94	Sep. 12/94	$0.430								
Sep. 28/94	Oct. 28/94		$0.3083	$0.56250	$0.555	$0.56875	US$0.475 (Cdn $0.64101)	$0.55313	US$0.40625 (Cdn $0.54823)	$0.4375
Sep. 30/94	Oct. 12/94	$0.421								
Oct. 31/94	Nov. 14/94	$0.414								
Dec. 1/94	Dec. 1/94			$0.18493						

Common Shares

Record date	Payment date	Dividend per share	Number of common shares on record date
Dec. 29/93	Jan. 28/94	$0.33	210,229,531
Mar. 28/94	Apr. 28/94	$0.33	211,311,935
Jun. 28/94	Jul. 28/94	$0.33	213,718,677
Sep. 28/94	Oct. 28/94	$0.33	215,056,933

Issue Price of New Common Shares Under the Shareholder Investment Plan

Date issued	Share purchase option	Dividend reinvestment & stock dividend options
Nov. 1/93	$31.252	
Dec. 1/93	$30.306	
Jan. 4/94	$32.473	
Jan. 28/94		$33.435
Feb. 1/94	$35.259	
Mar. 1/94	$33.820	
Apr. 4/94	$32.813	
Apr. 28/94		$28.198
May 2/94	$29.570	
Jun. 1/94	$30.561	
Jul. 4/94	$29.285	
Jul. 28/94		$27.938
Aug. 2/94	$29.223	
Sep. 1/94	$32.947	
Oct. 3/94	$31.347	
Oct. 28/94		$29.891

CIBC Head Office

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Toronto, Ontario
Canada M5L 1A2

Telephone number – (416) 980-2211
Telex number – 065-24116
Cable address – Canbank, Toronto

Stock exchange listings

	Stock symbol	Stock exchange listing
Common shares	CM	Toronto, Montreal, Winnipeg, Alberta, Vancouver, London, England
	CIBC	Tokyo, Japan*
Preferred shares, Class A		
Series 4	CM.PR.F	Toronto
Series 5	CM.PR.E	Toronto, Montreal, Winnipeg, Alberta, Vancouver
Series 8	CM.PR.H	
Series 9	CM.PR.I	
Series 10	CM.PR.U	
Series 11	CM.PR.J	
Series 12	CM.PR.V	
Series 13	CM.PR.K	

Usual dividend dates:	Record date	Payment date
Common shares and Preferred shares, Class A Series 5, 8, 9, 10, 11, 12 and 13	Dec. 28	Jan. 28
	Mar. 28	Apr. 28
	Jun. 28	Jul. 28
	Sep. 28	Oct. 28
Preferred shares, Class A Series 4	Last trading day of each month	12th day of following month

Transfer agent and registrar

The R-M Trust Company
393 University Avenue, 5th Floor
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario M5C 2W9
(416) 813-4600 or fax (416) 813-4555
1-800-387-0825 (toll free in Canada and the U.S.)

Common and preferred shares are transferable at the offices of our agent, The R-M Trust Company, in Toronto, Montreal, Halifax, Winnipeg, Regina, Calgary and Vancouver.

For information relating to shareholdings, dividends, dividend reinvestment accounts, lost certificates, etc., or to eliminate duplicate mailings of shareholder material contact The R-M Trust Company.

Outside of Canada, common shares are transferable at:

England: Barclays Registrars Limited
Bourne House, 34 Beckenham Road
Beckenham, Kent, England BR3 4TU

Japan*: The Yasuda Trust and Banking Company, Limited
Stock Transfer Agency Department
1-2-1, Yaesu, Chuo-ku, Tokyo, Japan

CIBC has never missed a regular dividend since its first dividend payment in 1868.

* We are de-listing from the Tokyo Stock Exchange in 1995.

Printed on paper containing 50% recycled material including 10% post-consumer paper waste.

Debt Securities

A number of senior and subordinated debt securities of CIBC and its subsidiaries are listed on one or more of the following international exchanges:

The Stock Exchange, London, England
Luxembourg Stock Exchange, Luxembourg
Frankfurt Stock Exchange, Germany
Zurich, Basle, Geneva, Berne and Lausanne Stock Exchanges, Switzerland

Direct Dividend Deposit Service

Canadian-resident holders of common shares may have their dividends deposited by electronic transfer directly into their account at any financial institution which is a member of the Canadian Payments Association. To arrange, please write to The R-M Trust Company (see Transfer Agent and Registrar).

Shareholder Investment Plan

Registered holders of eligible shares (CIBC common shares or Class A preferred shares, Series 5 and 8) may participate in one or more of the following options, and pay no brokerage commissions or service charges:

Dividend Reinvestment Option: Dividends on eligible shares may be reinvested in additional CIBC common shares. Residents of the United States and Japan are not eligible.

Share Purchase Option: up to $50,000 of additional CIBC common shares may be purchased during any fiscal year. Residents of the United States and Japan are not eligible.

Stock Dividend Option: U.S. residents may elect to receive stock dividends on eligible shares.

For further information and a copy of the offering circular, contact the Corporate Secretary at (416) 980-3096 or fax (416) 980-7012.

Valuation Day price

For capital gains purposes, common shares closed at $25.75 per share on Valuation Day, December 22, 1971; equivalent to $12.875 per share after adjustment for a two-for-one stock split on January 31, 1986.

Annual meeting

Shareholders are invited to attend the CIBC annual meeting on January 19, 1995, at 10:00 a.m. in the Canadian Room, Royal York Hotel, Toronto.

Further information

Corporate Secretary: If shareholders have concerns about the quality of service received from the transfer agent, please call (416) 980-3857 or fax (416) 980-7012.

Investor Relations: Financial analysts, portfolio managers and other investors requiring financial information may call (416) 980-6657 or fax (416) 980-5026.

Corporate Communications and Public Affairs: For information on corporate activity and media inquiries, please call (416) 980-4047 or fax (416) 363-5347.

CIBC Contact: As part of our commitment to our customers, information on CIBC products and services is available Mon. – Fri. 8 a.m. – 9 p.m. and Sat. 8 a.m. – 6 p.m. (Eastern time) by calling: (416) 980-2422 in Toronto or toll free 1-800-465-2422 across Canada.

Sur simple demande, nous nous ferons un plaisir de vous faire parvenir la version française du présent rapport.

If you would like an audio-cassette containing highlights of our annual report, please call (416) 980-5036.

Our Goal

To be the pre-eminent Canadian
financial services company

Our Vision

Winning customer loyalty
through service excellence

Our Values

Commitment to stewardship
Respect for every individual
Encouragement of initiative and creativity
Excellence in everything we do

In addition to the values listed above, CIBC has set out its commitments to customers, employees, communities and shareholders in a special publication, Where We Stand. *Copies can be obtained in French or English, or on audio-cassette through CIBC Contact (please see previous page).*

CIBC

Canadian Imperial
Bank of Commerce

Head Office
Commerce Court
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Canada
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Where We Stand

The Core Values of the CIBC Group of Companies

CIBC

Contents	Page

The contents of this booklet were unanimously endorsed by the CIBC Board of Directors on November 3, 1994.

CHAIRMAN'S

INTRODUCTION

This edition of Where We Stand is a statement of the core values and commitments that serve as a foundation for business activities across the CIBC group of companies. It's aimed at giving everyone with an interest in CIBC — customers, employees, shareholders and the communities we serve — a clear sense of who we are and what we stand for.

Where We Stand was first published in 1987. The 1994 edition reflects profound changes that have affected CIBC and its stakeholders since then. They include the growing sophistication and complexity of our customers' financial needs, intensifying competition and our determined effort to encourage our people to exercise initiative in serving their customers. As well, regulatory revisions have enabled us to evolve to a broadly based financial services company involved in banking, securities, trust and insurance.

All these changes create new demands and opportunities for higher levels of service to our customers – better understanding of their needs, a wider range of products and services, and integrated solutions. At the same time, they present new ethical and regulatory challenges and increase public scrutiny of financial institutions in general.

Where We Stand is designed to provide guidance to all employees to ensure we protect our reputation and maintain the trust, confidence and respect we have earned since we began establishing our roots back in 1867.

Our core values — and the way we demonstrate them on a daily basis in a complex and changing world — are essential to maintaining this trust. In addition to performance, our business today is driven by the vision and values described in this booklet. While the skills and knowledge of our employees are critical to our success, values and behavior will be given a higher priority.

Underlying our value system is teamwork: employees supporting each other as members of the same team and working closely with customers and communities toward common objectives. Our ability to uphold our values in a spirit of partnership will help move our organization toward its ultimate goal, to be the pre-eminent Canadian financial services company.

A.L. Flood
Chairman and Chief Executive Officer

In addition to performance, our business today is driven by the vision and values described in this booklet.

Our Goal

To be the pre-eminent Canadian financial services company

We are a Canadian-based financial institution operating on a global basis. Our goal — CIBC's ultimate destination — is to achieve pre-eminence with our customers, our employees, our shareholders and the communities where we do business. We want to be known as a leader by everyone who has a stake in our success.

The final measure in our goal for pre-eminence is the value we bring to shareholders. Attaining the best performance among Canada's major financial institutions is our most fundamental objective.

Our Vision

Winning customer loyalty through service excellence

Our vision centres on our customers. It is the roadmap to our goal and the focus of our daily activities.

Loyalty is built on the trust, confidence and respect we earn from customers. We do this by accurately identifying and anticipating their changing financial needs and delivering quality products and solutions. Through service excellence, we strengthen our relationships with customers, and win and retain more of their business.

Our Values

Commitment to Stewardship
Respect for Every Individual
Encouragement of Initiative and Creativity
Excellence in Everything We Do

Our four values are the constant in a changing world. They set the standards for our conduct at CIBC and provide guidance in our day-to-day decisions. With our employees' unwavering commitment to the values, individually and collectively, we will build higher levels of trust among our stakeholders and preserve our reputation, one of our most valuable assets.

Commitment to Stewardship

Exercising integrity and responsibility in the performance of all business activities

Our primary business is the security and care of assets entrusted to us. We expect all employees to honor that trust by managing our business with absolute integrity and responsibility to create value for our customers and shareholders.

Respect for Every Individual

Treating every individual fairly and with dignity

Each person we encounter — inside and outside of the organization — has the right to be treated with respect, dignity and fairness. We value diversity, recognizing that by bringing together our unique experiences and strengths as members of a team, we enrich our environment in the workplace and the community.

Encouragement of Initiative and Creativity

Boldly acting to promote personal and corporate growth

Achieving personal and corporate growth requires a great willingness to recognize new possibilities and the courage to take action. Individual initiative within a framework of team effort is the key to customer satisfaction and success for CIBC.

Excellence in Everything We Do

Striving to be the very best

The greatest challenge before us is achieving our vision of excellence. We have an uncompromising determination to be the very best in everything we do.

Success in building stronger relationships with our personal, commercial, corporate and institutional customers hinges on our ability to deliver products, convenience, advice and solutions that meet their needs. Helping customers achieve their financial aspirations guides us in everything we do.

Our Commitment to Customers

Stewardship

As a leading financial institution, this is perhaps our most important commitment to customers: using our individual and collective capabilities to prudently handle their needs, ensure the safety of their deposits and manage the other assets they entrust to us.

Fair treatment

Our intent is to treat every customer fairly. This means, for example, our employees will not become involved in situations where their personal business interests conflict with the interests of customers. Nor will we accept favors or gifts from any third party that are more than token in nature.

Confidentiality

The use of confidential information about our customers is protected by the guidelines set out in our privacy code. We will not give customer information to third parties without the customer's consent, except as required in certain legal cases. Furthermore, as the delivery of financial services becomes more integrated, it is important that we seek client consent for the exchange of information among our subsidiaries.

Openness and honesty

We fully and honestly disclose rates, terms and conditions relating to our products and services, including any fees or sales commissions. Customers are informed that certain investments may carry greater risks. If we are unable to provide a product or service, it is our responsibility to ensure they understand why and to offer alternatives.

Responsiveness

Day to day, our people are encouraged to use initiative in satisfying customer needs, resolving any problems quickly and providing feedback on ways to serve customers better. Accountability and responsiveness to our customers is critical to our success in providing service excellence, today and tomorrow. So we seek their views and, wherever possible, incorporate their suggestions.

Our Commitment to Employees

Job opportunities

We believe in providing equal access to employment and career opportunities, and in recruiting on the basis of merit. Diversity among employees is given great value to ensure our workforce reflects the communities where we operate. Recognizing change has become a business reality, we provide support to help displaced employees find new work within or outside of the organization.

Continuous learning

We are committed to creating a learning environment, where employees take ownership of their own careers and are given the opportunity to improve their knowledge, skills and leadership capabilities. Our people are encouraged to question and challenge, to learn from mistakes, and to use their initiative and creativity to meet CIBC's commitments to customers.

Compensation and recognition

We strive to compensate our people according to the market and the contribution they make to CIBC's businesses. We recognize excellence by allowing employees to share financially in the success of the organization, based on individual, team and corporate performance.

Teamwork

At CIBC, development of partnerships among employees and groups within the organization is a major priority. We know that no two employees have the same background, knowledge and strengths. When we work together toward common objectives, there is no limit to what we can achieve. By taking advantage of our diversity, we can meet and exceed the expectations of our customers.

Respect and fairness

We are committed to providing a work environment free of discrimination and harassment, where every individual is treated with respect and fairness. We grant flexible work arrangements where it makes business sense, in recognition of employees' need to balance work and lifestyle commitments.

Open communication

Open dialogue within the organization is essential if we are to succeed in a fast-paced and changing environment. In the spirit of partnership, managers ensure that our people understand their jobs, corporate strategies and decisions that affect them or their customers. For their part, employees are asked to freely and openly express their concerns, to contribute their ideas and to actively seek out the information they need to work in an informed and effective manner.

Our employees are key to winning customer loyalty and enhancing our reputation with the public. We want to be the employer of choice by ensuring that CIBC is a rewarding and productive place to work. Our objective is to develop a partnership with our people, where we provide the environment, guidance and tools they need to take charge of their customer relationships and their own careers.

Strong businesses and strong communities are intrinsically linked. As a major financial institution in Canada, we have the ability and responsibility to play a leadership role in the economic and social development of the communities we serve.

Our Commitment to
the Community

Economic support

Our greatest contribution to the community is the support we give individuals and businesses through financial advice and solutions that can help them achieve their goals. As a major employer, we provide work and learning opportunities for tens of thousands of people. As a major purchaser of goods and services, we also provide indirect employment to thousands of businesses, big and small. And we pay income, payroll, capital, sales and other taxes to all levels of government.

Upholding the laws

We recognize our obligation as a good corporate citizen to ensure our organization and employees respect both the spirit and the letter of laws and regulations, and to contribute actively and constructively to their formulation. We take steps, for example, to ensure that our employees understand that the use of insider information in the trading of securities is both illegal and unethical.

Business conduct

Our products and services meet the highest ethical standards in the industry. In addition to the individuals and businesses we serve, we deal fairly and equitably with the many suppliers we rely on, basing our selection on value, service and price. We are also committed to fair treatment of our competitors, refusing to communicate, acquire or use trade secrets.

Environmental responsibility

As part of our commitment to help preserve renewable and non-renewable resources, we strive to meet or exceed all environmental standards and legal requirements that apply to us, and to reduce waste in our daily operations.

Corporate donations

A leading charitable donor, we maintain a broad-based policy of making contributions to worthwhile causes in the community, with emphasis on programs that increase economic growth and skills development. Our people are encouraged to participate in the charitable, environmental or political organizations of their choice.

Our Commitment to Shareholders

Capital strength

A strong capital base allows us to take advantage of business opportunities as they arise. CIBC is committed to exceeding national and international regulatory requirements, as well as adhering to internal standards that support our other objectives.

Risk management

Progress and growth cannot be achieved without incurring risk. At CIBC, risk is measured and managed in accordance with internal policies that govern its quality, concentration and pricing. While we recognize the link between risk and gain, we constantly strive to avoid risks that are inappropriate for a prudently run financial institution.

Productivity and effectiveness

In our pursuit of excellence, we strive for continual improvement in our efforts to meet customers' changing needs, remain competitive and provide added value to shareholders. We are always seeking ways to manage our businesses more efficiently and cost-effectively, without compromising our values or high standards of service.

Open communication

Communication is a cornerstone for success in all facets of our operations. It is both our responsibility and strong desire to make available to shareholders all relevant information about CIBC's financial position and those of our subsidiaries. We encourage shareholders to raise with us any issues that concern them.

Corporate governance

CIBC incorporates high standards of corporate governance at the board and senior management levels, and ensures that all managers and employees are fully aware of them.

CIBC's success in living up to our commitments to customers, employees and communities creates value for our shareholders. This value is measured in terms of sustained capital appreciation and increasing dividends, which together produce the highest possible return on equity for our shareholders while meeting our responsibilities to other stakeholders.

Addendum

The goal, vision, values and commitments set out in this document are intended for all employees in the CIBC group of companies throughout the countries where we do business. Where the laws and business environments differ, we are committed to meeting or exceeding the standards of local jurisdictions.

Some of our businesses have additional statements outlining their unique operating principles.

Where We Stand is available in French and English, and on audio-cassette. CIBC employees are asked to order copies (product code: 3404625 for English, 3404633 for French) through stationery department: (416) 298-8800. People outside the organization are asked to call CIBC Contact toll-free at 1-800-465-2422 across Canada or (416) 980-2422 in Toronto. For an audio-cassette, please call (416) 980-5036 or write to the address below.

We welcome input from any of our stakeholders.

Where We Stand
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